



# Principal Financial Group<sup>®</sup>

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March 2024

RETIREMENT

ASSET MANAGEMENT

INSURANCE

# Company overview

# Integrated model is a force multiplier

**GLOBAL ASSET MANAGEMENT**

**RETIREMENT**

**U.S. BENEFITS & PROTECTION**



# Our diversified and integrated business model supports higher growth, with greater resilience to macro pressures

## PRINCIPAL FINANCIAL GROUP

### RETIREMENT AND INCOME SOLUTIONS

- Defined contribution
- Defined benefit
- ESOP
- Trust & custody
- Retail variable annuities
- Pension Risk Transfer
- Investment only
- Bank

### ASSET MANAGEMENT

#### Principal Global Investors

- Fixed income
- Equities
- Real estate
- Alternatives
- Asset allocation
- General Account

#### Principal International

- Latin America
- Asia

### BENEFITS AND PROTECTION

#### Specialty Benefits

- Group benefits
  - Dental
  - Life
  - Disability
- Supplemental health products
- Individual disability

#### Life Insurance

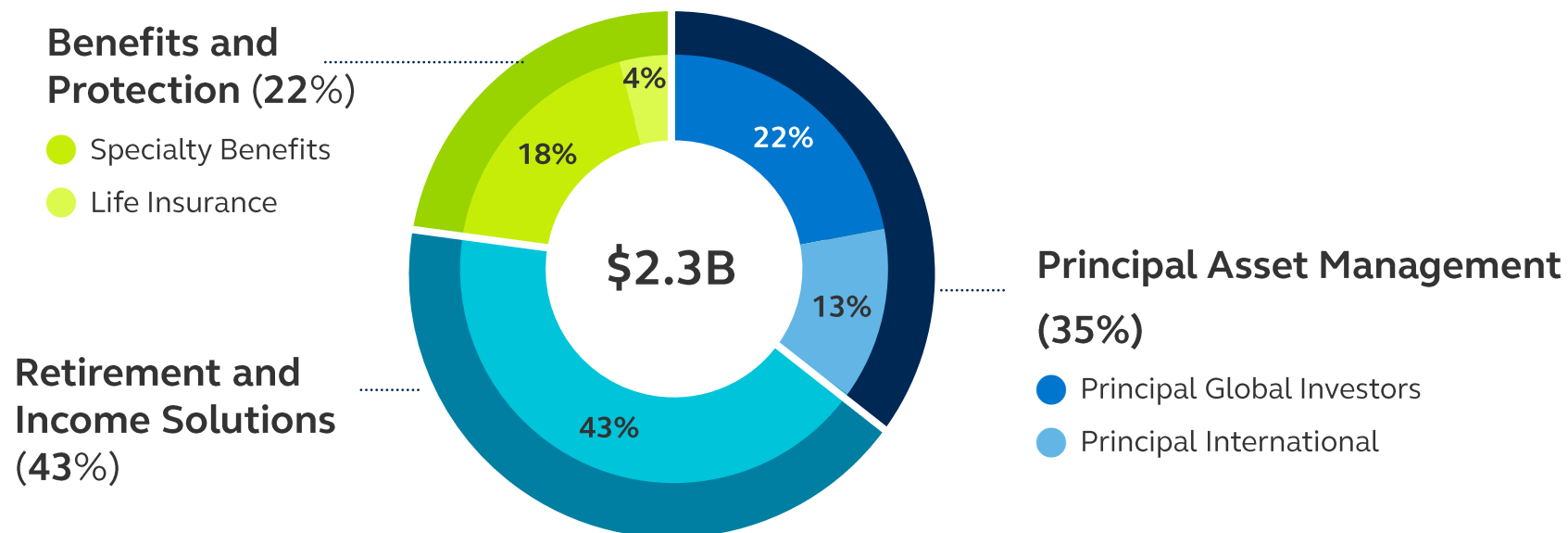
- COLI (NQDC)
- Business owner solutions
  - Term Life
  - VUL
  - Other UL

# Into a leading financial services company

## PRINCIPAL FINANCIAL GROUP

- **\$1.6 trillion** in AUA<sup>1</sup>, includes **\$695 billion** in AUM<sup>1</sup> managed by Principal
- **Top** U.S. retirement provider
- **Leader in benefits and protection** to U.S. small to medium-sized businesses
- Launching **in-demand specialist capabilities**
- **Modernizing** our tech stack, bringing **new digital solutions** to market
- Helping approximately **62 million** customers<sup>1</sup> in more than **80 countries**

## NON-GAAP PRE-TAX OPERATING EARNINGS<sup>2</sup>



<sup>1</sup> As of 12/31/2023.

<sup>2</sup> Trailing twelve months as of 12/31/2023; excludes Corporate and impacts from actuarial assumption reviews.

# Experienced management team

Averages over **25 years**  
of industry experience

NAME	AGE <sup>1</sup>	TITLE	EXPERIENCE (Industry/PFG) <sup>1</sup>
Daniel J. Houston	63	Chairman, President & Chief Executive Officer	40/40
Amy C. Friedrich	54	President – Benefits and Protection	28/24
Patrick G. Halter	65	President	40/40
Christopher J. Littlefield	58	President – Retirement & Income Solutions	18/5
Vivek Agrawal	56	Executive VP & Chief Growth Officer	26/2
Thomas Cheong	56	Executive VP – Principal Asia	23/9
Jon N. Couture	59	Executive VP & Chief Human Resources Officer	20/7
Kathleen B. Kay	62	Executive VP & Chief Information Officer	12/5
Natalie Lamarque	48	Executive VP & General Counsel & Secretary	17/3
Kenneth A. McCullum	60	Executive VP & Chief Risk Officer	38/9
Deanna D. Strable	56	Executive VP & Chief Financial Officer	35/35
Bethany A. Wood	61	Executive VP & Chief Marketing Officer	17/5
Kamal Bhatia	52	Senior Executive Director – Global Head of Investments, Principal Asset Management	27/5

# Current Financial Strength Ratings

As of March 2024

Moody's Investor Services	Fitch Ratings	Standard & Poor's	A.M. Best
<b>A1</b>	<b>AA-</b>	<b>A+</b>	<b>A+</b>
Good	Very Strong	Strong	Superior
Fifth highest of 21 rating levels	Fourth highest of 19 rating levels	Fifth highest of 20 rating levels	Second highest of 13 rating levels
Outlook: Stable	Outlook: Stable	Outlook: Stable	Outlook: Stable

# Proven leadership positions

## U.S. RETIREMENT

- #1** Defined Benefit
- #1** ESOP
- #1** Non-qualified deferred compensation
- #3** 401(k) recordkeeper
- #4** Pension risk transfer

## ASSET MANAGEMENT

- #1** Multi-manager target date provider
- Top 3** Largest provider of hybrid target date funds
- Top 10** Largest manager of target date portfolios
- #1** Brazil voluntary pension
- #2** Chile voluntary pension
- #13** China retail mutual funds

## BENEFITS AND PROTECTION

- #1** Group Life
- #1** Small-case business life insurance
- #1** Disability buyout
- #1** Nonqualified deferred compensation
- #2** Corporate owned life insurance
- #2** Total Group Benefits
- #4** Group Dental

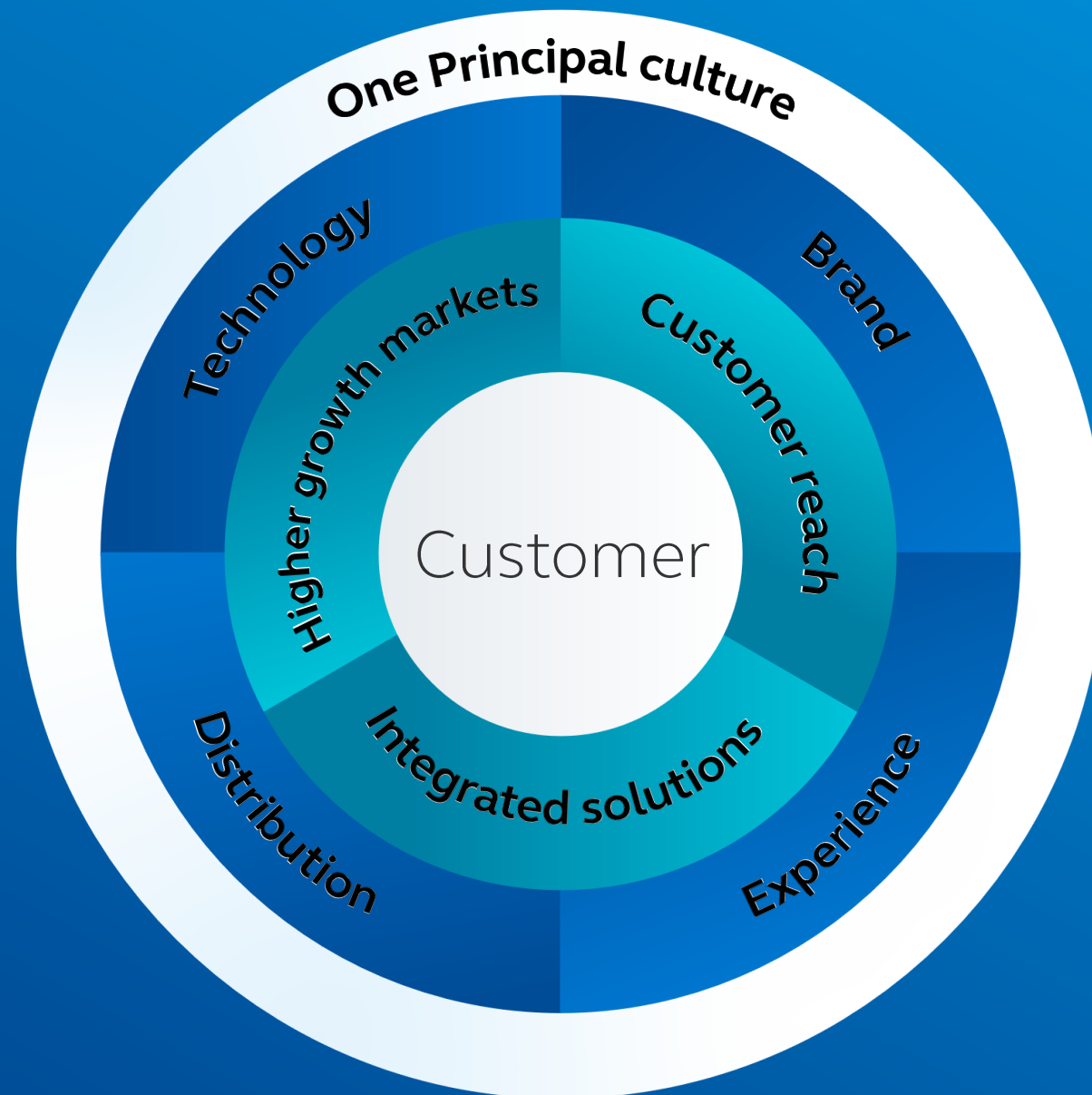
# An intentional transformation

2013-2024



Our strategy  
puts the customer  
at the center...

Which positions us to  
win, grow, and create  
shareholder value.



# Financials

# 4Q Key takeaways

## Earnings

- FY 2023 non-GAAP EPS<sup>1</sup> excluding significant variances<sup>2</sup> of \$6.92 increased 6%, at the top end of our 3-6% 2023 guidance
- 4Q23 non-GAAP EPS<sup>1</sup> excluding significant variances<sup>2</sup> of \$1.81 increased 11% from 4Q22; non-GAAP operating earnings<sup>1</sup> excluding significant variances<sup>2</sup> increased 7%
- Delivered on 2023 Outlook for the enterprise as well as top-line growth and margins for many of our businesses
- Strong margins supported by expense discipline while investing for growth
  - Severance across the enterprise: \$20M in 4Q23; \$30M FY 2023

## Growth

- Strength and resilience of our small to mid-sized customer segments contributing to growth across both retirement and benefits and protection; SMB recurring deposits +14%, Specialty Benefits premium and fees +9%, and Life Insurance business market premium and fees +26% vs. 4Q22; RIS SMB AV NCF +\$0.8B in 2023
- 4Q23 NCF included \$0.6B NCF in Principal International, positive \$0.3B institutional NCF in PGI<sup>3</sup>; RIS total recurring deposits +12% vs 4Q22

## Capital

- Strong excess and available capital position of \$1.7B aided by management actions; remain focused on deploying capital to attractive growth opportunities and returning to shareholders
- Very strong free capital flow conversion in 4Q23; full year conversion of 100% including organic generation within our 75-85% targeted range
- Returned \$1.3B of capital to shareholders in 2023; announced new share repurchase authorization of \$1.5B and increased 1Q24 common stock dividend 2 cents to \$0.69 per share

## 2024 Outlook

- Enterprise outlook: 9-12% growth in non-GAAP EPS<sup>1</sup> and 75-85% free capital flow conversion<sup>4</sup>
- \$1.5 - \$1.8B of capital deployments in 2024, including \$0.8 - \$1.1B of share repurchases and a 40% dividend payout ratio<sup>4</sup>

# Full year 2023 financial highlights

## FY 2023 OPERATING RESULTS

Reported non-GAAP operating earnings<sup>1</sup>

**\$1,603M**

(-1% vs. FY 2022)

Impact of significant variances to non-GAAP operating earnings<sup>2</sup>

**\$(89)M after-tax**

(\$42)M pre-tax

Non-GAAP operating earnings, excluding significant variances (xSV)

**\$1,692M**

(+1% vs. FY 2022)

Reported non-GAAP operating earnings per diluted share<sup>1</sup> (EPS)

**\$6.55**

(+3% vs. FY 2022)

Impact of significant variances to non-GAAP EPS<sup>2</sup>

**\$(0.37)**

Non-GAAP EPS, xSV

**\$6.92**

(+6% vs. FY 2022; 2023 Outlook 3-6%)

## AUM

Total company AUM managed by PFG

**\$695B**

(+9% vs. 2022)

## CAPITAL & LIQUIDITY

Excess and available capital

**\$1.7B**

\$935M at Hold Co

\$375M excess subsidiary capital

\$375M in excess of 400% RBC

Debt to capital ratio<sup>4</sup>

**21.9%**

PLIC RBC ratio

**427%**

## CAPITAL DEPLOYMENTS

FY 2023 capital deployments

**\$1.3B** returned to shareholders:

\$0.7B of share repurchases

\$0.6B of common stock dividends (\$2.60 per share)

## RETURN ON EQUITY<sup>3</sup>

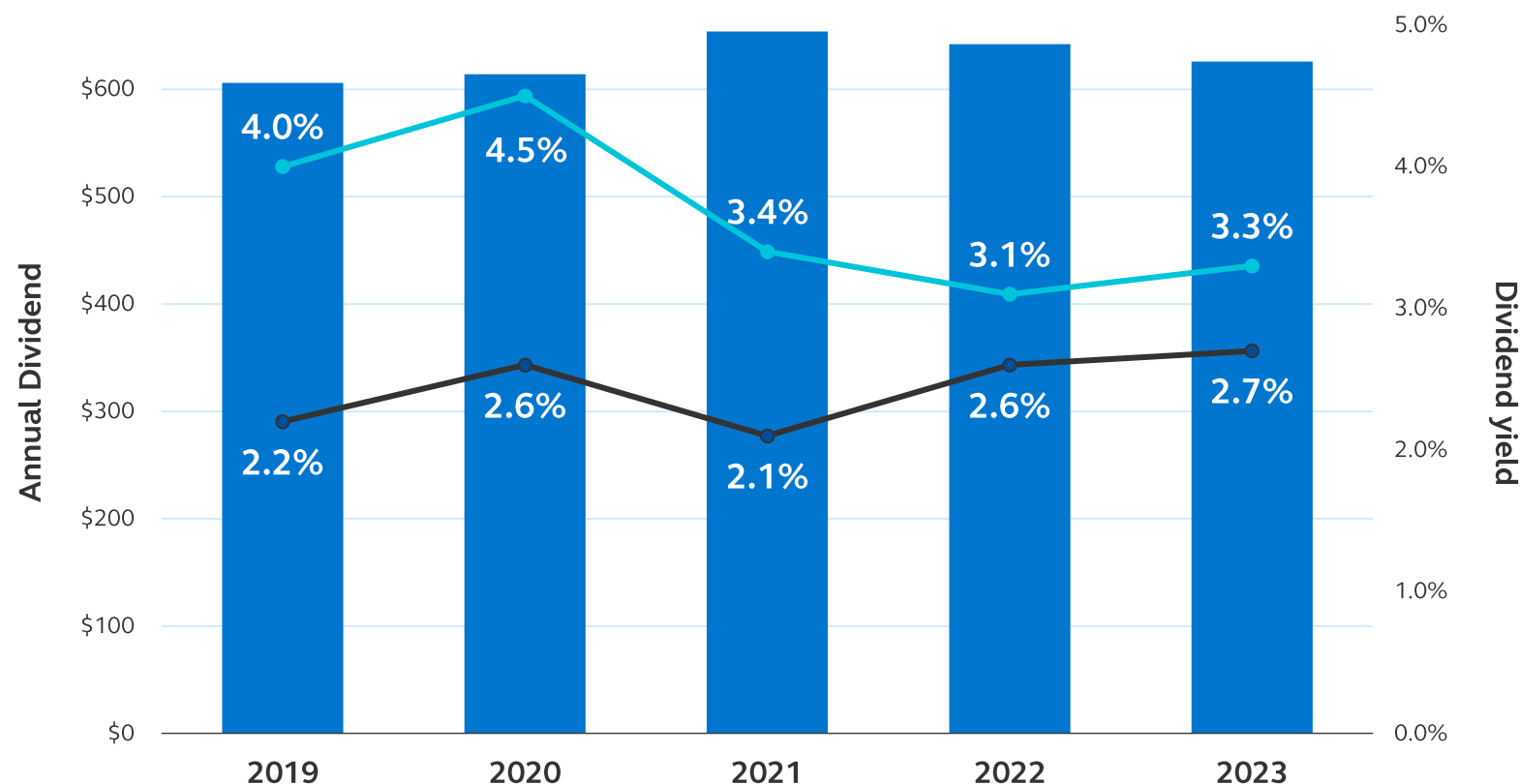
**12.8%** reported

(13.5% xSV)

# Committed to a 40% dividend payout ratio

Future growth in dividends will track growth in net income

● Dividends paid — Principal dividend yield — Peer median dividend yield



- Principal has consistently paid and grown its dividend.
- Dividend and payout ratio target reflect Principal's confidence and conviction around net income.
- Delivered on the 40% targeted payout ratio the past 4 years.
- Attractive dividend yield.

# Disciplined capital management strategy

With emphasis on actively returning excess capital to shareholders

	Targeted range as a percentage of net income <sup>1</sup> :	
Organic capital deployment	15-25%	Capital efficient business mix
Consistent dividend payout ratio	40%	Growth of dividend will track growth in net income <sup>1</sup>
Share repurchases	35-45%	Active return of excess capital to shareholders through share repurchases
M&A	0-10%	Enhancement of capabilities and support of organic growth through strategic M&A

# Long-term enterprise financial targets

EPS<sup>1</sup> annual growth:

**9-12%**

ROE<sup>2</sup> target:

**14-16%**

Free capital flow conversion<sup>3</sup>:

**75-85%**

1 Non-GAAP operating earnings per diluted share.

2 Non-GAAP return on equity, excluding cumulative change in fair value of funds withheld embedded derivative and AOCI other than foreign currency translation adjustment.

3 Based on net income attributable to PFG excluding income or loss from exited business.

# 2024 Outlook

Guidance ranges on an excluding significant variances basis

		2023 EPS <sup>1</sup> x-SV	2024 and long-term guidance	
Total Company	EPS growth	\$6.92	9 - 12%	Expect midpoint of 9-12% long-term range
	Effective tax rate		17 - 20%	Increased from 16-19% in 2023
		2023 revenue, x-SV <sup>2</sup> (in millions)	Long-term guidance	2024 modeling considerations relative to long-term guidance
Retirement and Income Solutions				
Retirement and Income Solutions	Net revenue	\$2,697	2 - 5%	Benefits from macroeconomic tailwinds expected to drive revenue growth at the high-end or slightly above the range and margin at the upper end of the range
	Operating margin		36 – 40%	
Principal Asset Management				
Principal Global Investors	Operating revenues less pass-through expenses <sup>3</sup>	\$1,489	4 – 7%	Lower real estate related fee revenue and impacts from recent redemptions expected to pressure revenue growth toward the low-end of the range and drive stable margin relative to 2023
	Operating margin		34 – 38%	
Principal International	Combined net revenue (at PFG share) <sup>3</sup>	\$981	7 – 11%	Headwinds in Asia, closure of guaranteed retirement product in Hong Kong, and FX are expected to result in low single digit revenue growth and stable margin relative to 2023
	Operating margin		34 – 38%	
Benefits & Protection				
Specialty Benefits	Premium and fees	\$3,055	7 – 10%	
	Operating margin		12 – 16%	
	Incurred loss ratio		60 – 65%	
Life Insurance	Premium and fees	\$922	1 – 4%	Expect growth in premium and fees to benefit from focus on the business market; margin to be slightly below guided range due to lower net investment income as a result of capital optimization
	Operating margin		15 – 19%	
Corporate	Pre-tax operating losses		\$(375)M - \$(425)M	

# U.S. retirement

# U.S. retirement business

We are a top tier retirement provider that drives enterprise value.

## OUR LEADERSHIP POSITION ACROSS MANY PLAN TYPES

- #3 401(k) provider
- #1 Defined Benefit
- #1 Employee Stock Ownership
- #1 Non-Qualified Deferred Compensation
- #4 Pension Risk Transfer

## DRIVING VALUE FOR PRINCIPAL

Workplace retirement solutions drives revenue throughout the organization

High value business with low capital needs

## Our U.S. retirement footprint<sup>1</sup>

**48,000**  
employers

- Includes relationships in Workplace Saving and Retirement Solutions (WSRS), Pension Risk Transfer (PRT) and Principal Custody Solutions (PCS)
- Opportunities to expand these relationships across other retirement solutions (TRS) and to other areas of Principal (Asset Management and Benefits & Protection)

**13 Million**  
Individuals

- Includes individuals are eligible plan participants of our worksite retirement plans, PRT individuals, variable annuities and bank customers
- Focused on helping them accrue retirement savings, providing education and advice and building retirement income

<sup>1</sup> As of 6/30/2023  
See Appendix for sources of rankings.

# Key growth drivers



**Leveraging  
Institutional  
Retirement and  
Trust** acquisition  
momentum

Harnessing the  
power of **Total  
Retirement  
Solutions**

Delivering an  
**engaging  
participant  
experience**

Leveraging  
**world class asset  
management**  
capabilities

# Provider of multiple retirement solutions

Total Retirement Solutions is a key differentiator for Principal and valued by our clients.

## TOTAL RETIREMENT SOLUTIONS (TRS)



### TRS drives meaningful results

Represents approximately 40% of WSRS assets under administration

Better client retention: 20% lower lapse rate compared to block average

### The depth and breadth of our TRS offering is unmatched in the industry

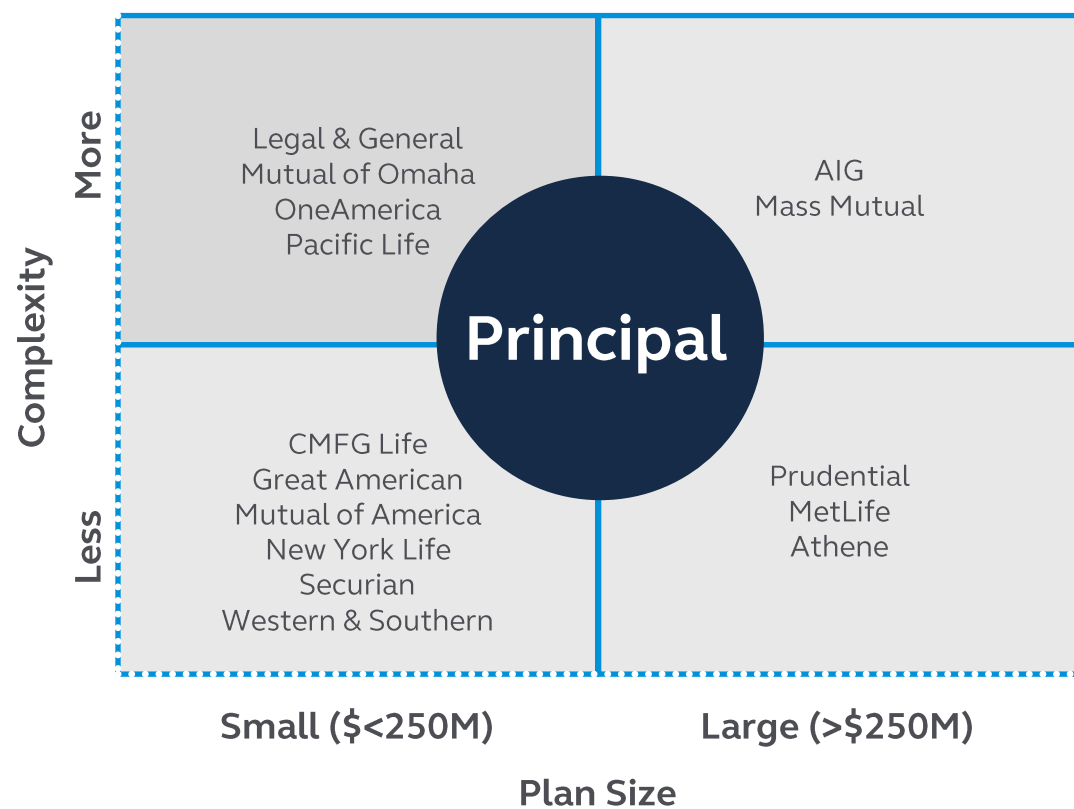
Wide array of proprietary solutions.

Integrated plan sponsor and participant tools, services, and customer experience

Uniquely positioned to provide Pension Risk Transfer, Equity Compensation, and Private ESOPs

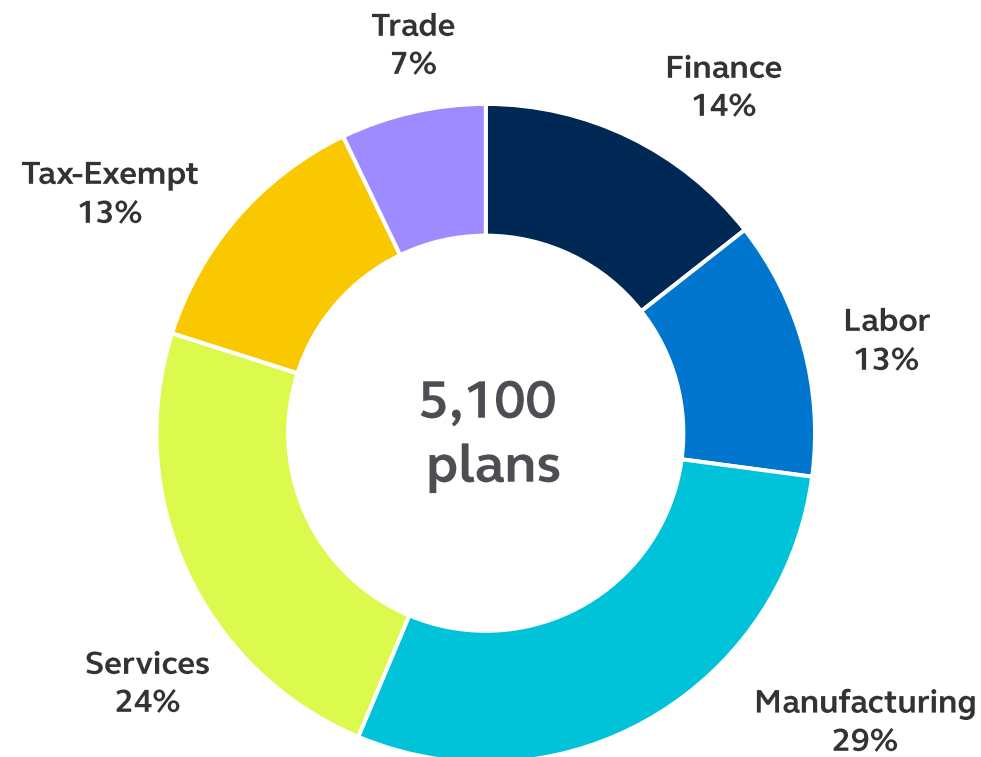
<sup>1</sup> Business line and results reside in Benefits and Protection

# Pension Risk Transfer



## Principal's PRT plans by industry<sup>1</sup>

Over 90% of plans have under 100 lives



# Emerging markets

# Providing retirement and long-term financial security for 45 million individuals

Total Principal International reported AUM of **\$180B; \$409B** including China

## PRINCIPAL FINANCIAL GROUP

### MEXICO (1993)

- **2.6M** customers
- AUM of **\$22B**
- Mandatory and Voluntary Pensions, Mutual Funds, Asset Management

### CHILE (1995)

- **2.0M** customers
- AUM of **\$42B**
- Mandatory and Voluntary Pensions, Mutual Funds, Asset Management, Annuities, Universal Life Insurance

### BRAZIL (1999)

- **3.2M** customers
- AUM of **\$82B**
- Voluntary Pensions and Annuities

### CHINA (2005)

- **32.9M** customers
- AUM of **\$229B**
- Asset Management, Mutual Funds, Pension

### HONG KONG SAR (1996)

- **0.7M** customers
- AUM of **\$11B**
- Mandatory Pensions, Mutual Funds, Asset Management

### MALAYSIA (2003)<sup>1</sup>

- **3.7M** customers
- AUM of **\$18B**
- Conventional & Islamic Asset Management, Unit Trusts, Voluntary Pensions

### THAILAND (2010)

- **76K** customers
- AUM of **\$4B**
- Voluntary Pensions, Asset Management, Unit Trusts

### INDONESIA (2007)

- **22K** customers
- AUM of **\$0.2B**
- Asset Management, Unit Trusts

### Divestitures

- Principal Spain (2001)
- Principal Argentina (2004)
- ING-Principal Pensiones Japan (2005)
- Principal Pensiones Mexico (2020)
- Principal Asset Mgmt India (2021)
- Principal Seguros Mexico (2021)

## Strong leadership position

### LATIN AMERICA

**Chile: #2** voluntary pension

**Brazil: #1** voluntary pension

**Mexico: #7** mandatory pension

### ASIA

**Malaysia: #3** unit trust

**Hong Kong: #6** mandatory pension

**China: #13** retail mutual funds

## Driving value for Principal

- High growth
- Meaningful source of capital
- Diversification

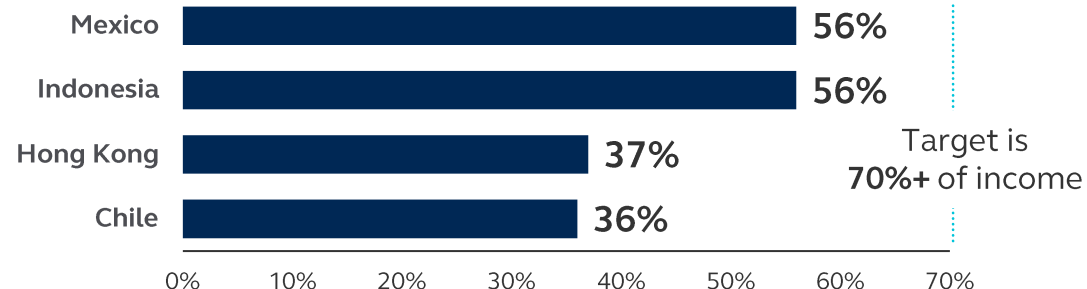
As of 4Q 2023

<sup>1</sup> Includes Singapore

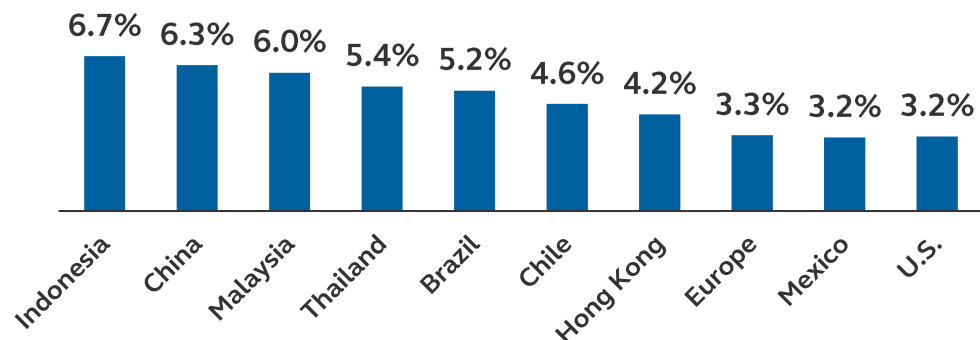
See appendix for sources of rankings.

# Well-positioned for continued growth

Retirement gaps across all our markets highlight need and demand for voluntary savings<sup>1</sup>



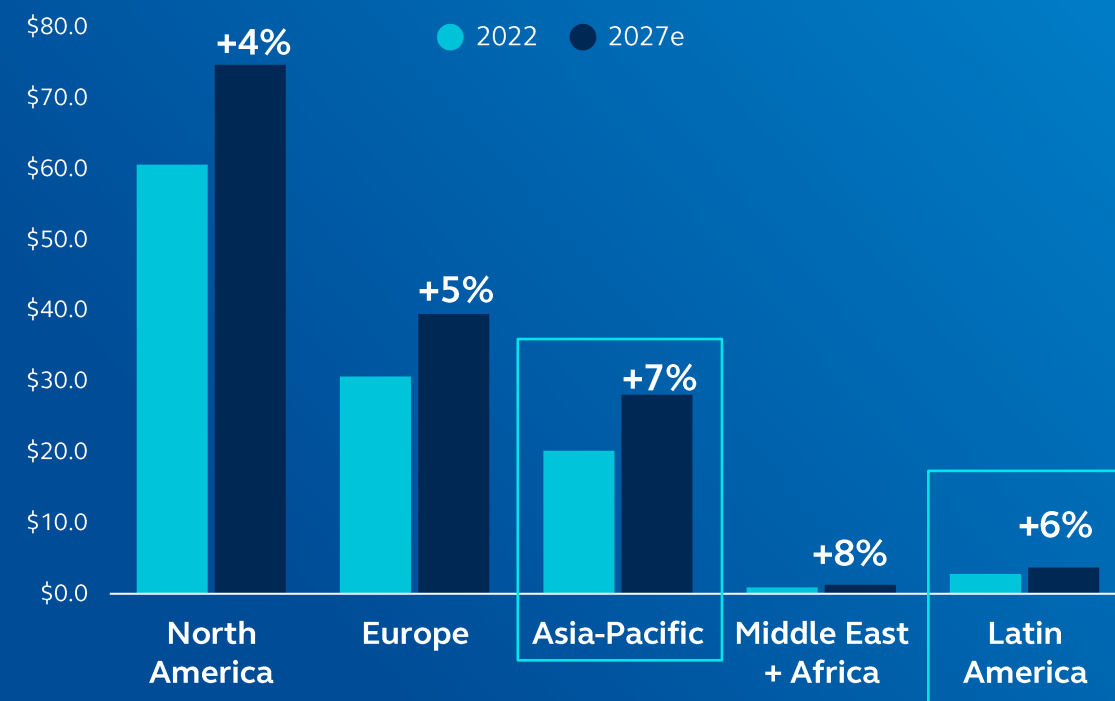
GDP growth rate in our markets up to more than 2x higher than developed markets<sup>2</sup>



<sup>1</sup> For mandatory/pillar 1 pension solutions. For Chile, Mexico – Pensions at a Glance 2023; For Indonesia, Hong Kong – Pensions at a Glance Asia/Pacific 2022; <sup>2</sup> IMF World Economic Outlook, October 2022. Growth rates shown are for 2022-2027.; <sup>3</sup> PwC Asset and wealth management revolution 2023: The new context, July 2023.

Industry growth in Asia and Latin America provides a healthy runway

Global AUM by region<sup>3</sup>  
(USD trillions)



# Strong joint venture partnerships

## China Construction Bank (CCB)

- **2nd largest** bank in the world
- **739 million** retail customers<sup>1</sup>
- **32% annual growth in AUM** since 2014

## Commerce International Merchant Bankers (CIMB)

- **5th largest** ASEAN bank<sup>2</sup>; 2nd largest bank in Malaysia
- **20 million** retail customers<sup>2</sup>
- **6% annual growth in AUM** since 2014

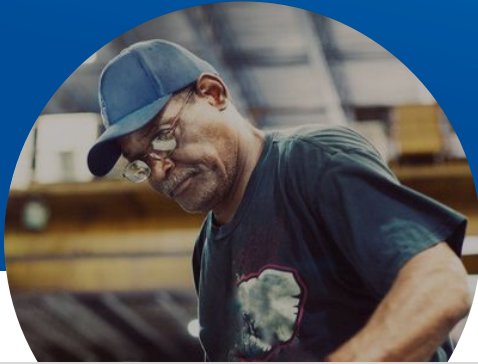
## Banco do Brasil

- **2nd largest** bank in Latin America with 81.9 million retail customers<sup>3</sup>
- **Leading provider** of voluntary pension in Brazil with 28% market share<sup>4</sup>
- **22% annual growth in AUM** since 1999

# U.S. benefits and protection

# Principal is uniquely positioned to help businesses

Through our broad set of solutions, our expertise, and the experiences we offer



## 1) Protect their employees

by offering a comprehensive set of employee benefits that helps recruit and retain talent

- Nonqualified Deferred Compensation
- Group Benefits:
  - Dental / Vision
  - Group Life
  - Group Disability
  - Supplemental Health Products
- Guaranteed Standard Issue for IDI and Life
- Employer-sponsored retirement plans:
  - Defined contribution
  - Defined benefit
  - Employee stock ownership plans
- Pension Risk Transfer
- Trust & Custody Solutions



## 2) Protect their business

in the event of a death, disability, or resignation of a key employee or a future change in management

- Business owner products for IDI and Life:
  - Term Life
  - VUL
  - Other UL
  - Overhead Expense
  - Key Person Replacement
  - Disability Buy-out



## 3) Protect business owner and personal needs

by helping maintain their lifestyle through insurance, and building and protecting their retirement savings

- Individual disability insurance
- Life insurance business solutions
  - Term Life
  - Variable Universal Life
  - Other Universal Life
- Variable Annuities and Individual Retirement Accounts (IRAs)
- Advice Solutions

# We have a market-leading position across our segments

The combination of the solutions we offer, the expertise we provide, and the experiences we deliver to customers has resulted in a leadership position in the business market.

## Group Benefits

- #1 Group Life
- #2 Total Group Benefits
- #4 Group Disability
- #4 Group Dental

## Individual Disability

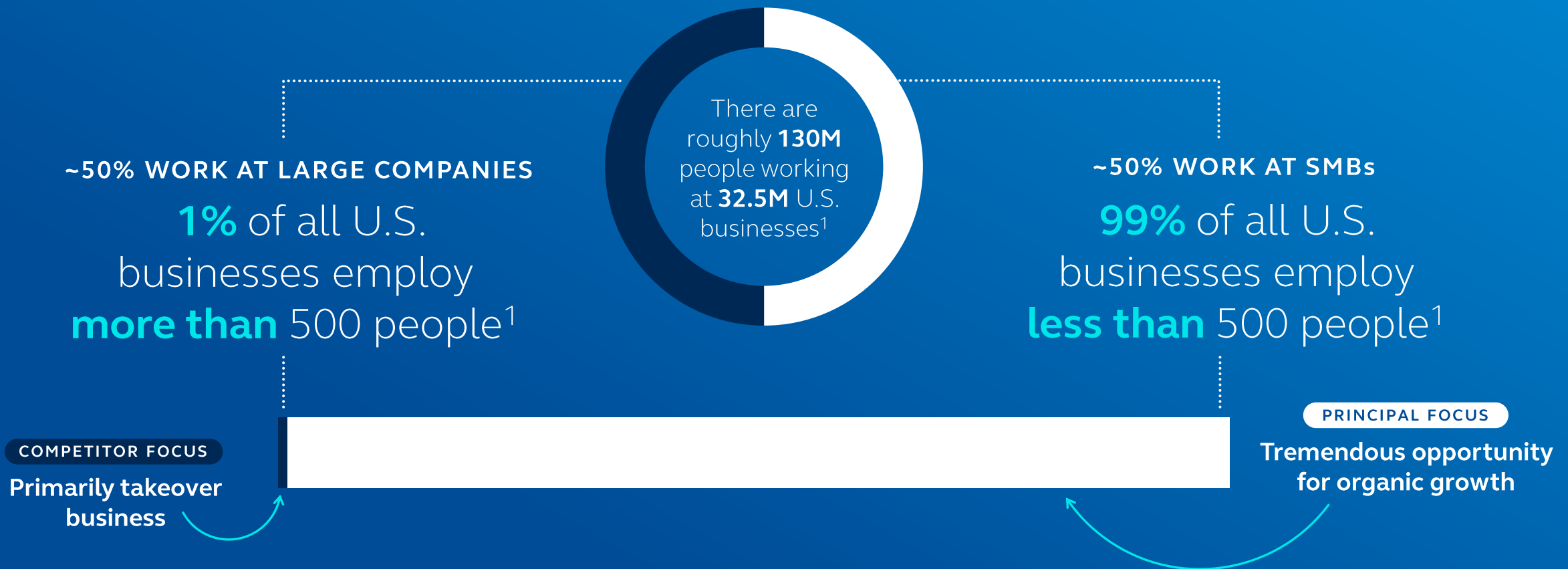
- #1 Overhead expense disability solution
- #1 Disability buyout
- #4 Total individual disability sales
- #4 In-force premium

## Life Insurance Business Solutions

- #1 Small-case business life insurance
- #1 Nonqualified deferred compensation
- #1 Corporate-sponsored individually owned life insurance
- #3 Corporate owned life insurance

# Where we play in the marketplace

Competitors primarily battle over the same 1% of employers, **Principal focuses on the other 99%**

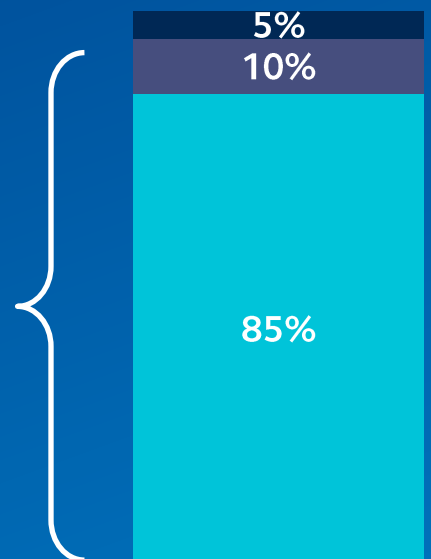


# Our SMB focus is a key differentiator

Principal partners with more than 178,000 U.S. businesses; more than 129,000 of those partnerships originate in Benefits and Protection.

## GROUP BENEFITS solutions

95% of the employers we partner with have fewer than 100 employees

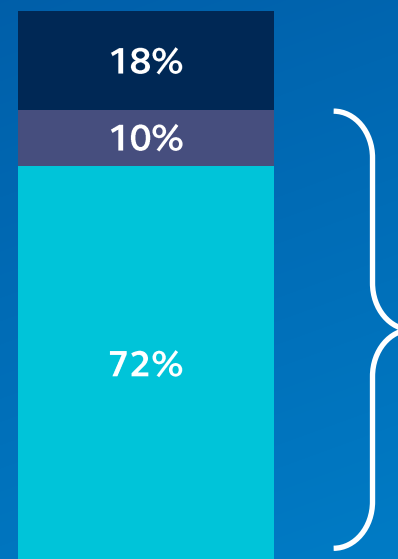


■ <50 ■ 50-99 ■ 100+

(by # of employees)

## LIFE INSURANCE business solutions

Over 80% of the employers we partner with have fewer than 100 employees



■ <50 ■ 50-99 ■ 100+

(by # of NQDC/BOES employees)

Year-end 2022

# Specialty Benefits

A high growth business that partners with **108,000 employers** and helps **3.4 million people**

## SPECIALTY BENEFITS PREMIUM & FEE MIX

16% INDIVIDUAL DISABILITY / 84% GROUP BENEFITS

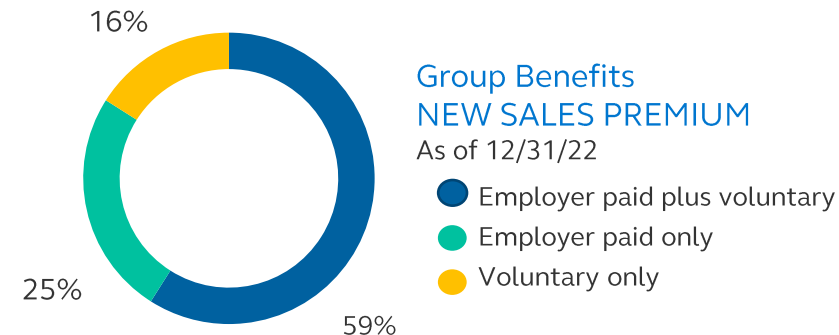
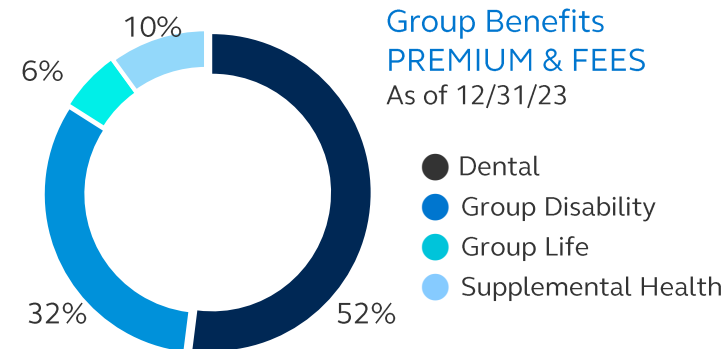
## GROUP BENEFITS: DRIVING VALUE FOR PRINCIPAL

Significant SMB footprint, a customer segment that's critical to our strategy

Low capital needs business with future growth potential

Track record of driving revenue through consistent above-industry growth

We are a leading provider of comprehensive benefits packages with strong diversification.



**60%** of new business comes from another carrier

**25%** of new business comes from existing customers adding new product

**15%** of new business are new customers offering group for the first time

Annually renewable business with **90%** retention

Average # of employees per employer customer: **33**

**#1** in company competitiveness based on service for Group Life and Group Disability<sup>2</sup>

<sup>1</sup> Average retention for the period 1/1/2020 – 12/31/2022

<sup>2</sup> Credit Suisse U.S. Life Insurance 1Q21 Insurance Producer Survey

# Driving growth through a SMB focus

## A leader in serving SMBs

Group Benefits sold coverage counts from existing cases has grown annual by **18%** since 2017

Engineering a complete and seamless smaller employer experience

COMPETITOR FOCUS

Onboarding

COMPETITOR FOCUS

Claims experience

OUR UNIQUE FOCUS

Simplifying every step of the journey, not just the beginning and the end

# Differentiated SMB experience

Engineering a complete and seamless smaller employer experience

## SMALL EMPLOYER INSIGHT

They typically don't have an HR department

They value cashflow predictability

They value knowing what other employers are doing

## OUR UNIQUE APPROACH

Processes that reduce the administrative burden – make it easy to exchange data

Broad product set and product bundles so they work with fewer carriers

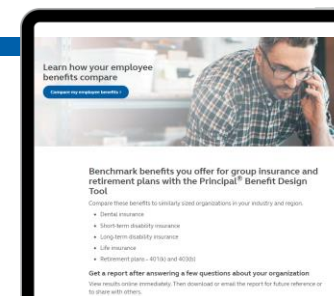
Renewal strategy: smaller, more predictable rate increases

Tools to help them easily research and benchmark benefits

- Currently, we have more than 21,000 employers leveraging connectivity, representing more than \$930 million in premium

- Increased the number of protection solutions per employer by nearly 20% over the last five years

- Gives SMBs confidence they can handle the costs, as they're not as equipped to handle significant swings in expenses



# Life Insurance Business Solutions Division

We are a leading provider of comprehensive and innovative solutions that help owners protect their business and keep it running when the unexpected occurs.

## Our life insurance suite of business solutions

NQDC

Business owner solutions

Term Life

Universal Life

Variable Universal Life

We use these common life insurance business solutions to create specialized protection options for business owners.

Some examples of how we use life insurance business solutions to help business owners.

### Buy-sell business and transfer strategies

Helps keep a business going by outlining how and to who shares or interest in the business will be transferred or sold in the event of a death, disability or retirement.

### Key employee benefits

Helps recruit, reward, retain and retire key employees whose performance most affects the success of the organization. These plans can provide additional benefits and/or help them make up for benefits lost due to government restrictions placed on qualified retirement plans.

### Key person protection

Protects the integrity, cash flow and ongoing success of a business from the loss of a key employee due to death, disability or termination of employment. Key person insurance helps the business overcome additional expenses associated with recruiting and training a replacement.

# Global asset management

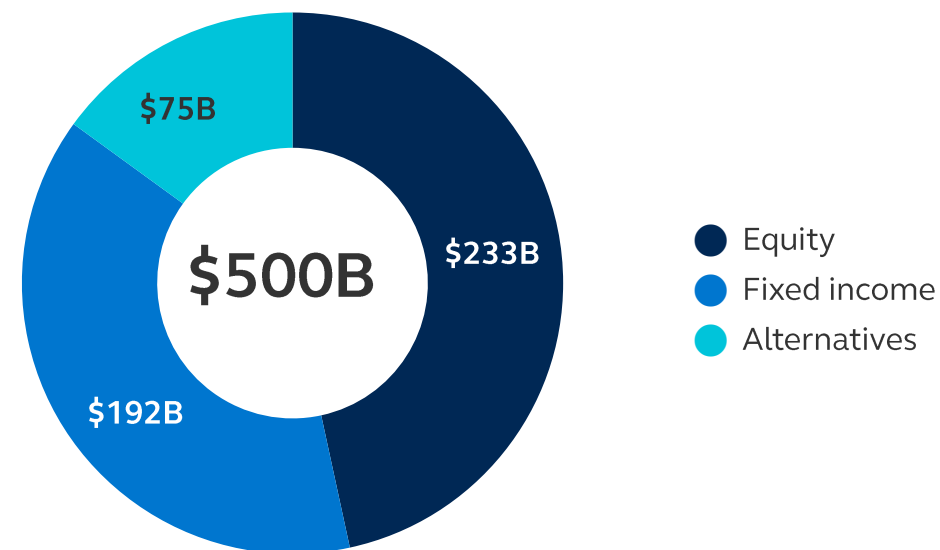
# Global asset management

Serving institutional, retirement, and retail investors; fueling growth of all Principal businesses

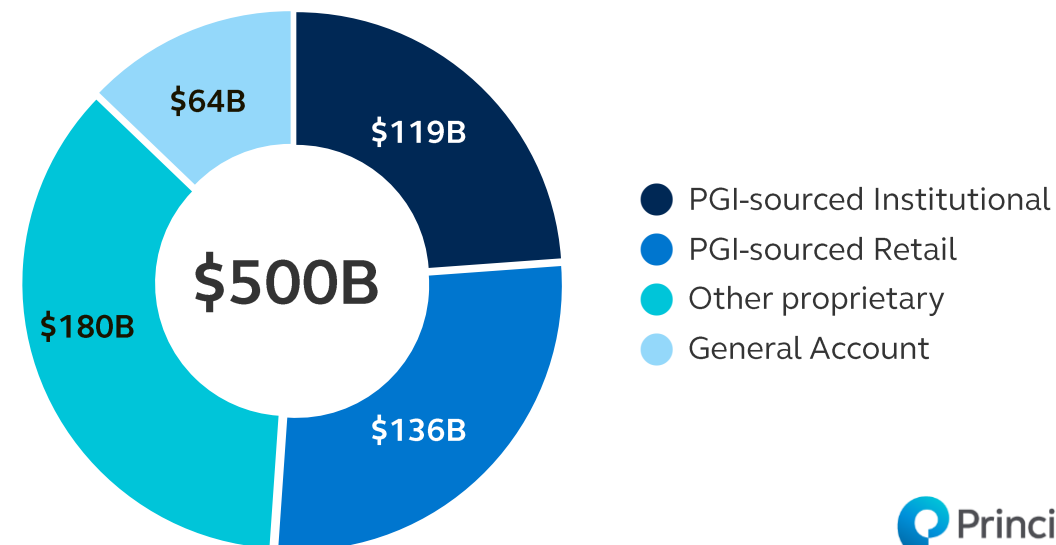
## Why we are confident we will capitalize on the asset management opportunity set going forward

- Proven strength in high-growth private and specialty public market investment capabilities, and in multi-asset solutions
- Ability to leverage our global, multi-channel distribution to build deep customer relationships
- Highly efficient, globally-integrated operating model
- Ability to attract and retain top talent

PGI managed AUM<sup>1</sup> by asset class



PGI managed AUM<sup>1</sup> by source



# Investment performance

## % of funds outperforming Morningstar median<sup>1,2</sup>

As of 12/31/2023	1-Year	3-Year	5-Year	10-Year
Equity	53%	50%	74%	95%
Fixed Income	63%	56%	73%	82%
Asset Allocation	88%	67%	88%	76%
Total	70%	58%	80%	83%

## % of composites outperforming benchmarks<sup>1,3</sup>

As of 12/31/2023	1-Year	3-Year	5-Year	10-Year
Equity	67%	38%	78%	86%
Fixed Income	68%	75%	96%	97%
Asset Allocation	27%	54%	27%	38%
Total	64%	55%	80%	86%

<sup>1</sup> Equal weighted.

<sup>2</sup> Percentage of Principal actively managed mutual funds, exchange traded funds (ETFs), insurance separate accounts, and collective investment trusts (CITs) in the top two Morningstar quartiles. Excludes Money Market, Stable Value, Liability Driven Investment (Short, Intermediate and Extended Duration), Hedge Fund Separate Account, & U.S. Property Separate Account.

<sup>3</sup> Composite returns are calculated on a gross basis. All composites compared to official Global Investment Performance Standards (GIPS) composite benchmark. Excludes passive composites and doesn't include certain strategies or mandates for which GIPS composites are not calculated (e.g., Lifetime/Target Date strategies). Lifetime/Target Date funds are covered under separate peer-relative calculations. "Total" percentages include equities, fixed income and other asset classes and mandates with GIPS composites (e.g., asset allocation).

<sup>4</sup> Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (85 total, 80 are ranked).

ASSET WEIGHTED<sup>4</sup>

# 58%

of rated fund AUM  
has a 4 or 5 star rating  
from Morningstar

# Global Asset Management adds significant value

## ECONOMIC

Asset management delivers strong margins and is capital efficient

	5-year average
Pre-tax Margin	38%
Free capital flow (% of net income)	>100%

We made investments for growth throughout this period, and will continue to invest in the business going forward.

## STRATEGIC

Asset management drives value through other Principal businesses

### Supports U.S. and International asset accumulation distribution

- Engagement by our investment professionals
- Investment thought leadership

### Delivers innovative products and solutions

- Top 10 Target Date manager; #1 manager of Hybrid Target Date CITs
- Global products for local market investors, local products for global investors

### General account (GA) management enables competitive pricing in the other businesses

- Real estate, private debt, other strategies provide Principal with a competitive advantage

# Focused on private and specialty public market capabilities

Committed to active management; deep expertise in capabilities with pricing power

## Flagship

- **Real Estate**  
Private Debt, Private Equity, CMBS, REITs, Global Property Securities
- **Quality Domestic Equity**  
Large Cap, Mid Cap, Small Cap, Blue Chip, Equity Income
- **Specialty Income**  
IG Credit, High Yield, Preferred Securities, Securitized Debt, Muni Bonds, Stable Value
- **Asset Allocation Solutions**  
Target Date, Target Risk, Dynamic Outcome

## Scaling today

- **Real Estate**  
European Real Estate, Green Property
- **Global Equity**
- **Emerging Market Equity**
- **Emerging Market Debt**
- **Global Listed Infrastructure**
- **Liability-Driven Investment Solutions**

## Building for the future

- **Real Estate**  
Asian Real Estate, Specialty Sectors
- **Regional Equity & Debt**  
Asian Bonds, China A-Shares, Brazil Strategies, Islamic Strategies
- **Private Debt**  
Expanded Middle-Market Origination, Specialty Debt Markets
- **Asset Allocation Solutions**  
OCIO, Model Portfolios, Managed Accounts, Factor Based Strategies

Our teams have integrated ESG into their investment philosophies and processes.  
We deliver our capabilities in a range of vehicles to meet investor needs.

# Significant opportunities from exploiting current strengths

Market  
2020-2023  
AUM CAGR<sup>1</sup>

## 1 Expand relationships with global institutional and wealth investors

- Highly effective distribution model based on close alignment between sales, marketing, product, and investment teams
- Experienced sale professionals with skills to engage with sophisticated clients
- Broad and deep relationships with institutional clients and wealth platforms

~ 5-7%

## 2 Increase market share in U.S. retirement asset management

- Partner with RIS to leverage our asset allocation expertise
- Target date leadership drives FSA and DCIO growth with sophisticated clients
- Innovation around managed accounts, QDIA solutions, income solutions
- Uniquely positioned to deliver OCIO services

~ 5-7%

## 3 Capitalize on the growth in Emerging Market investing

- Further developing our EM capabilities and partner with PI to capture retail growth in Asia and Latin America
- Aligning investment teams to blend global and local expertise
- Executing against joint go-to-market strategies
- Delivering global products and investment marketing for PI retail markets

~ 6-8%  
for EM capabilities

Foundational to these efforts is our proven ability to attract and retain top talent

# Distribution

# U.S. distribution overview

## Affiliated

### PRINCIPAL FINANCIAL NETWORK

- 1,100 advisors
- Sell all products
- Financial Planning Focused

### INVESTMENT-ORIENTED

- Wirehouses
- Regional Broker/Dealers
- Institutional
- Planners
- Consultants
- Advisor Aggregators

## Third party

### INSURANCE-ORIENTED

- Brokerage General Agents
- Independent Marketing Organizations
- Financial Advisors/  
Broker/Dealers

### BANKS

- Banks
- Broker/Dealers
- Marketers

### GLOBAL FIRM RELATIONS

Select 3<sup>rd</sup> party distributors with dedicated support  
**Strengthens relationships and fuels sales growth**

## WHOLESALE CHANNELS

Retirement

Investment  
SolutionsVariable  
Annuities

ESOP

Business  
Solutions

NQDC

Disability  
Insurance

Group Benefits

All supported by **dedicated service teams** providing education, training, counseling and retention.

# Broad and deep distribution

Proprietary provides foundation; 3<sup>rd</sup> party provides accelerated growth

Product Line New Sales	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	Top 3 represent
<b>NQ Life</b>	LIBRA	Gallagher	Creative Planning	55%
<b>Life</b>	LIBRA	Principal Financial Network	AIN	64%
<b>Individual Disability</b>	Plus Group	Principal Financial Network	AimcoR	29%
<b>Group Benefits</b>	HUB International	OneDigital	True Network of Advisors	11%
<b>Variable Annuities</b>	Principal Financial Network	Osaic	Cetera	94%
<b>Mutual Funds</b>	Fidelity	Schwab	Ameriprise	24%
<b>Retirement – New Sales Assets</b>	Creative Planning	LPL Financial	Bank of America	29%
<b>Retirement - New Plan Counts</b>	Edward Jones	Principal Financial Network	LPL Financial	30%

# Appendix

# Non-GAAP operating earnings sensitivities

Estimated impacts of changes in key macroeconomic conditions on annual non-GAAP pre-tax operating earnings relative to the next 12 months, prior to management expense actions

If macroeconomics change by...	Equity market return <sup>1</sup> +/- 10%	Interest rates +/- 100 bps	FX: U.S. dollar <sup>2</sup> +/- 2%	Certain alternative investment valuation <sup>3</sup> +/- 10%
Then Principal's annual non-GAAP pre-tax operating earnings will change by...	+/- 5-8%	+/- (1)-1%	-/+ < 1%	+/- < 8%
And the primary businesses impacted are...	RIS PGI	All	PI	RIS Life Insurance Specialty Benefits

1 Assumes an immediate 10% change in the S&P 500 followed by 2% growth per quarter thereafter. 2 Principal is primarily impacted by changes in Latin American and Asian currencies. Inverse relationship between movement of the U.S. dollar and impact to non-GAAP pre-tax operating earnings. 3 Includes hedge funds, private equity, infrastructure, and direct lending assets. Separate and distinct from our equity risk associated with a decline in the S&P 500 index, assumes an immediate 10% decline in the value of these assets, followed by a 2% per quarter increase. Note: The impact to income before income taxes is materially consistent with the impact to non-GAAP pre-tax operating earnings.

# Full year 2023 significant variances

Business unit impacts of significant variances (in millions)

	Actuarial assumption review	Variable investment income	Encaje and inflation	Other	Total significant variances
Retirement and Income Solutions	\$53.4	\$(71.0)	-	\$11.0	\$(6.6)
Principal International	-	\$(18.9)	\$13.5	\$(2.0)	\$(7.4)
Specialty Benefits	\$16.2	\$(12.5)	-	\$(7.2)	\$(3.5)
Life Insurance	\$(6.4)	\$(20.1)	-	-	\$(26.5)
Corporate	-	\$2.2	-	-	\$2.2
Total pre-tax impact	\$63.2	\$(120.3)	\$13.5	\$1.8	\$(41.8)
Total after-tax impact	\$(5.6)	\$(93.5)	\$9.0	\$0.8	\$(89.3)
EPS impact					\$(0.37)

# 4Q 2023 significant variances

Business unit impacts of significant variances (in millions)

	Variable investment income	Encaje	Total significant variances
Retirement and Income Solutions	\$(15.0)	-	\$(15.0)
Principal International	\$(4.7)	\$21.9	\$17.2
Specialty Benefits	\$(2.0)	-	\$(2.0)
Life Insurance	\$(5.0)	-	\$(5.0)
Corporate	\$9.8	-	\$9.8
Total pre-tax impact	\$(16.9)	\$21.9	\$5.0
Total after-tax impact	\$(11.0)	\$15.9	\$4.9
EPS impact			\$0.02

# Non-GAAP financial measure reconciliations

	Three months ended (in millions)	
Principal Global Investors operating revenues less pass-through expenses	12/31/23	12/31/22
Principal Global Investors operating revenues	\$403.8	\$410.6
Principal Global Investors commissions and other expenses	(29.9)	(31.1)
<b>Principal Global Investors operating revenues less pass-through expenses</b>	<b>\$373.9</b>	<b>\$379.5</b>

	Three months ended (in millions)	
Principal International combined net revenue (at PFG Share)	12/31/23	12/31/22
Principal International pre-tax operating earnings	\$92.0	\$77.7
Principal International combined operating expenses other than pass-through commissions (at PFG share)	174.3	154.9
<b>Principal International combined net revenue (at PFG share)</b>	<b>\$266.3</b>	<b>\$232.6</b>

	Three months ended (in millions)	
Non-GAAP operating earnings (losses)	12/31/23	12/31/22
Net income attributable to PFG	\$(871.7)	\$(16.2)
Net realized capital (gains) losses, as adjusted	141.4	(116.6)
(Income) loss from exited business	1,170.8	527.1
<b>Non-GAAP operating earnings</b>	<b>\$440.5</b>	<b>\$394.3</b>

	Three months ended	
Diluted earnings per common share	12/31/23	12/31/22
Net income	\$(3.66)	\$(0.07)
Net realized capital (gains) losses, as adjusted	0.59	(0.47)
(Income) loss from exited business	4.85	2.12
Impact of dilutive shares	0.05	-
<b>Non-GAAP operating earnings</b>	<b>\$1.83</b>	<b>\$1.58</b>
<b>Weighted-average diluted common shares outstanding (in millions)</b>	<b>241.3</b>	<b>249.2</b>

	Three months ended (in millions)	
Income taxes	12/31/23	12/31/22
Total GAAP income taxes	\$(268.0)	\$(11.2)
Net realized capital gains (losses) tax adjustments	35.3	(34.2)
Income taxes attributable to noncontrolling interest	(0.3)	(0.2)
Income taxes related to equity method investments	21.0	6.8
Income taxes related to exited business	311.3	116.2
<b>Income taxes</b>	<b>\$99.3</b>	<b>\$77.4</b>

# Non-GAAP financial measure reconciliations

	Twelve months ended (in millions)	
Non-GAAP operating earnings (Losses)	12/31/23	12/31/22
Net income attributable to PFG	\$623.2	\$4,756.9
Net realized capital (gains) losses, as adjusted	87.9	165.6
(Income) loss from exited business	891.7	(3,303.7)
<b>Non-GAAP operating earnings</b>	<b>\$1,602.8</b>	<b>\$1,618.8</b>

	Twelve months ended	
Diluted earnings per common share	12/31/23	12/31/22
Net income	\$2.55	\$18.63
Net realized capital (gains) losses, as adjusted	0.36	0.65
(Income) loss from exited business	3.64	(12.94)
<b>Non-GAAP operating earnings</b>	<b>\$6.55</b>	<b>\$6.34</b>
Weighted-average diluted common shares outstanding (in millions)	244.6	255.3

	Twelve months ended (in millions)	
Income taxes	12/31/23	12/31/22
Total GAAP income taxes	\$68.7	\$1,189.5
Net realized capital gains (losses) tax adjustments	22.0	56.6
Income taxes attributable to noncontrolling interest	(0.6)	(0.3)
Income taxes related to equity method investments	78.9	54.5
Income taxes related to exited business	238.1	(956.4)
<b>Income taxes</b>	<b>\$407.1</b>	<b>\$343.9</b>

	Twelve months ended (in millions)
Principal Global Investors operating revenues less pass-through expenses	12/31/23
Principal Global Investors operating revenues	\$1,611.2
Principal Global Investors commissions and other expenses	(122.3)
<b>Principal Global Investors operating revenues less pass-through expenses</b>	<b>\$1,488.9</b>

	Twelve months ended (in millions)
Principal International combined net revenue (at PFG Share)	12/31/23
Principal International pre-tax operating earnings	\$304.7
Principal International combined operating expenses other than pass-through commissions (at PFG share)	671.6
<b>Principal International combined net revenue (at PFG share)</b>	<b>\$976.3</b>

# Non-GAAP financial measure reconciliations

	Period ended (in millions)
<b>Stockholders' equity x- cumulative change in fair value of funds withheld embedded derivative and AOCI other than foreign currency translation adjustment, available to common stockholders</b>	<b>12/31/23</b>
Stockholders' equity	\$10,961.7
AOCI, other than foreign currency translation adjustment	3,847.3
Cumulative change in fair value of funds withheld embedded derivative	(2,027.9)
Noncontrolling interest	(45.7)
<b>Stockholders' equity x- cumulative change in fair value of funds withheld embedded derivative and AOCI other than foreign currency translation adjustment, available to common stockholders</b>	<b>\$12,735.4</b>

	Period ended
<b>Non-GAAP operating earnings ROE (x- cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment) available to common stockholders</b>	<b>12/31/23</b>
Net Income ROE available to common stockholders (including AOCI)	6.0%
Cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment	(1.0)%
Net realized capital (gains) losses	0.7%
(Income) loss from exited business	7.1%
<b>Non-GAAP operating earnings ROE (x- cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment) available to common stockholders</b>	<b>12.8%</b>

# Sources of Rankings

Business	Market Position	Source
U.S. Retirement	#1 Employee stock ownership	Based on number of plans. Source: 2023 PLANSPONSOR Recordkeeping Survey, July 2023.
	#1 Defined benefit	Based on number of plans. Source: PLANSPONSOR Defined Benefit Administration Survey, August 2023.
	#1 Non-qualified deferred compensation	Based on number of plans. Source: 2023 PLANSPONSOR Defined Contribution Plan Recordkeeping Survey, July 2023. Excludes 457 plans.
	#3 401(k) provider	Based on the number of participants, Source: 2023 PLANSPONSOR Recordkeeping Survey, July 2023.
	#4 Pension risk transfer provider	Based on 2022 PRT sales based on assets, LIMRA, U.S. Group Annuity Risk Transfer Survey, Q4 2022.
Asset Management	Top 10 largest manager of target date portfolios	The State of the Target-Date Market: 2023,” Sway Research, 2023
	#1 Multi-manager target date provider	
	Top 3 Largest provider of hybrid target date funds	
	#1 Brazil voluntary pension	Fenaprevi, November 2023
	#2 Chile voluntary pension	CMF, November 2023
	#3 Malaysia unit trust	Lipper, November 2023
	#6 Hong Kong mandatory pension	Mercer, September 2023
	#7 Mexico mandatory pension	CONSAR, December 2023
	#13 China retail mutual funds	WIND, September 2023
Benefits & Protection	#1 Disability buyout	Based on participants in the LIMRA Fourth Quarter 2022 Individual Disability Income Insurance Sales.
	#1 Overhead expense disability solutions	
	#4 Total individual disability sales	
	#4 Individual disability in-force premium	Based on participants in the LIMRA 2021 Annual Individual Disability Income Sales and In-force Survey.
	#1 Nonqualified deferred compensation	#1 provider of nonqualified deferred compensation; 2023 PLANSPONSOR Defined Contribution Plan Recordkeeping Survey, July 2023
	#1 Small-case business life insurance	Based on 2021 corporate-owned life insurance (COLI) and corporate-sponsored individually owned (CSIO) life insurance total premium and case count for case sizes up to \$5 million of total premium per case. Source: 2022 COLI/CSIO survey of participating life insurance carriers, IBIS Associates, Hamilton, VA.
	#1 Corporate-sponsored individually owned life insurance	
	#3 Corporate owned life insurance	
	#1 Group Life	Determined by fully-insured employer groups in-force. Based on participants in LIMRA’s Fourth Quarter 2022 U.S. Workplace Benefits Life Insurance, Disability Insurance, Dental and Vision Plans, and Supplemental In-force surveys. (April 2023).
	#2 Total Group Benefits	
	#4 Group Dental	
	# 4 Group Disability	

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# Use of non-GAAP financial measures

A non-GAAP financial measure is a numerical measure of performance, financial position, or cash flow that includes adjustments from a comparable financial measure presented in accordance with U.S. GAAP.

The company uses a number of non-GAAP financial measures management believes are useful to investors because they illustrate the performance of the company's normal, ongoing operations which is important in understanding and evaluating the company's financial condition and results of operations. While such measures are also consistent with measures utilized by investors to evaluate performance, they are not, however, a substitute for U.S. GAAP financial measures. Therefore, the company has provided reconciliations of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure within the slides. The company adjusts U.S. GAAP financial measures for items not directly related to ongoing operations. However, it is possible these adjusting items have occurred in the past and could recur in future reporting periods. Management also uses non-GAAP financial measures for goal setting, as a basis for determining employee and senior management awards and compensation and evaluating performance on a basis comparable to that used by investors and securities analysts.

The company also uses a variety of other operational measures that do not have U.S. GAAP counterparts, and therefore do not fit the definition of non-GAAP financial measures. Assets under management is an example of an operational measure that is not considered a non-GAAP financial measure.

# Forward looking statements

Certain statements made by the company which are not historical facts may be considered forward-looking statements, including, without limitation, statements as to non-GAAP operating earnings, net income attributable to PFG, net cash flow, realized and unrealized gains and losses, capital and liquidity positions, sales and earnings trends, and management's beliefs, expectations, goals and opinions. The company does not undertake to update these statements, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Future events and their effects on the company may not be those anticipated, and actual results may differ materially from the results anticipated in these forward-looking statements. The risks, uncertainties and factors that could cause or contribute to such material differences are discussed in the company's annual report on Form 10-K for the year ended Dec. 31, 2022, and in the company's quarterly report on Form 10-Q for the quarter ended Sep. 30, 2023, filed by the company with the U.S. Securities and Exchange Commission, as updated or supplemented from time to time in subsequent filings. These risks and uncertainties include, without limitation: adverse capital and credit market conditions may significantly affect the company's ability to meet liquidity needs, access to capital and cost of capital; conditions in the global capital markets and the economy generally; volatility or declines in the equity, bond or real estate markets; changes in interest rates or credit spreads or a prolonged low interest rate environment; the elimination of the London Inter-Bank Offered Rate ("LIBOR"); the company's investment portfolio is subject to several risks that may diminish the value of its invested assets and the investment returns credited to customers; the company's valuation of investments and the determination of the amount of allowances and impairments taken on such investments may include methodologies, estimations and assumptions that are subject to differing interpretations; any impairments of or valuation allowances against the company's deferred tax assets; the company's actual experience for insurance and annuity products could differ significantly from its pricing and reserving assumptions; the pattern of amortizing the company's DAC asset and other actuarial balances may change; changes in laws, regulations or accounting standards; the company's ability to pay stockholder dividends, make share repurchases and meet its obligations may be constrained by the limitations on dividends or other distributions Iowa insurance laws impose on Principal Life; litigation and regulatory investigations; from time to time the company may become subject to tax audits, tax litigation or similar proceedings, and as a result it may owe additional taxes, interest and penalties in amounts that may be material; applicable laws and the company's certificate of incorporation and by-laws may discourage takeovers and business combinations that some stockholders might consider in their best interests; competition, including from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance; a downgrade in the company's financial strength or credit ratings; client terminations, withdrawals or changes in investor preferences; the company's hedging or risk management strategies prove ineffective or insufficient; international business risks; risks arising from participation in joint ventures; the company may need to fund deficiencies in its "Closed Block" assets; the company's reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; risks related to administering reinsurance transactions; a pandemic, terrorist attack, military action or other catastrophic event; global climate change; technological and societal changes may disrupt the company's business model and impair its ability to retain existing customers, attract new customers and maintain its profitability; damage to the company's reputation; the company may not be able to protect its intellectual property and may be subject to infringement claims; inability to attract, develop and retain qualified employees and sales representatives and develop new distribution sources; an interruption in information technology, infrastructure or other internal or external systems used for business operations, or a failure to maintain the confidentiality, integrity or availability of data residing on such systems; loss of key vendor relationships or failure of a vendor to protect information of our customers or employees; and the company's enterprise risk management framework may not be fully effective in identifying or mitigating all of the risks to which the company is exposed.