

Principal U.S. Large-Cap Multi-Factor Core Index ETF

Second quarter 2019

Fund overview

An index-aware¹ multi-factor solution that seeks to outperform the U.S. large-cap market without increasing risk.

Trading information

Symbol PLC
CUSIP 74255Y789

Exchange Nasdaq

Portfolio management

Jeffrey A. Schwarte, CFA
26 years of experience

Mark R. Nebelung, CFA
26 years of experience

Paul S. Kim, CFA
20 years of experience

Fund information

| | Fund | S&P 500® |
|-------------------------------|-----------|----------|
| Fund AUM | N/A | — |
| Number of holdings | N/A | N/A |
| Dividend frequency | Quarterly | — |
| Active Share | N/A | — |
| Market cap (weighted average) | N/A | N/A |

Source: FactSet, Morningstar, State Street

Broad U.S. large-cap equity exposure through a multi-factor ETF

- Index-aware¹ design deviates from traditional cap-weighted indexes, applying a multi-factor model and tiered evaluation process.
- Rules-based framework tilts towards securities with high factor scores while diversifying through industry neutrality.
- Portfolio construction combines three distinct factors - shareholder yield, momentum, and quality growth.

Index methodology

| Market-cap weighted index | Apply multi-factor model | Portfolio construction | |
|---|---|---|--|
| 1. Breakout universe Sorts Nasdaq US Large Cap Index SM by market cap and divides into two groups. | 2. Evaluate & rank Three factors: <ul style="list-style-type: none"> • Quality growth • Shareholder yield • Price momentum | 3. Weight & tilt Calibrates portfolio to go beyond traditional market-cap weighting. | 4. Rebalance Rebalances holdings semi-annually in April and October. |
| Top 50 th percentile | Individually evaluates securities in the top 50 th percentile by market cap. | Weights securities by market cap and tilts towards higher scoring securities. | |
| Bottom 50 th percentile | Evaluates securities in the bottom 50 th percentile by market-cap by industry. | Equally weights securities in the top 1/3 by industry-neutral, multi-factor score and excludes the rest from the portfolio. | |

The Principal U.S. Large-Cap Multi-Factor Core Index ETF seeks to track the Nasdaq US Large Cap Select Leaders Core IndexSM, a Nasdaq-licensed index based on the intellectual property of Principal. The index is designed to provide exposure to companies within the Nasdaq US Large Cap IndexSM that exhibit high degrees of sustainable shareholder yield, pricing power, and strong momentum. Investors cannot invest directly in an index.

Why allocate to a portfolio:

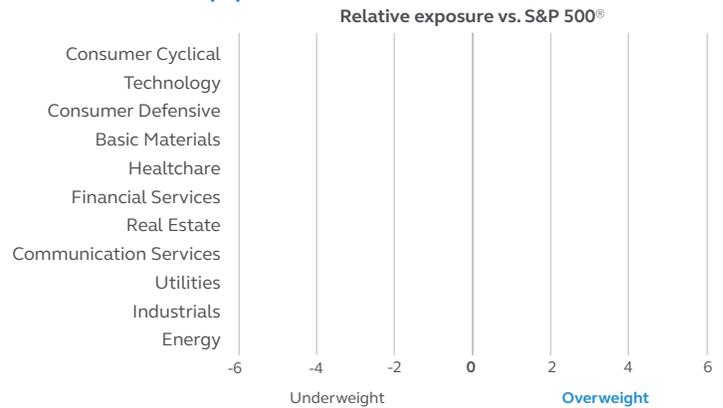
- Efficient access to large-cap stocks with low tracking error to the U.S. large-cap equity market.
- Innovative factor definitions/combinations may enhance the risk/return profile without significantly differing from targeted index holdings.
- Index-aware design may make PLC an attractive replacement for passive, cap-weighted and active strategies.

¹ Index aware is a measurement of the fund's consistency versus a benchmark over a given period of time.

Top 10 holdings²

| | % of net assets |
|---------------|-----------------|
| N/A | N/A |
| Total: | N/A |

² Source: State Street. The holdings listed do not constitute a recommendation to purchase or sell a particular security. Cash and/or derivative positions that are not part of the core investment strategy will not be reflected in the top holdings list.

Sector allocation (%)³

³ Source: FactSet. Fund holdings and allocations shown are unaudited and may not be representative of current or future investments. Percentages may not add up to 100% due to rounding and/or inclusion or exclusion of cash.

Performance

| | Total returns (%) | | | | | | | Yields (%) | |
|---|-------------------|--------------|----------|----------|------------------------------|--|-------------------------------|---|---------------------------------|
| | 3-month | Year-to-date | 1-year | 3-year | Since inception (07/23/2019) | Expense ratio ⁶ (net/gross) | Expense limit expiration date | 30-Day SEC ⁷ (Subsidized/Unsubsidized) | Distribution yield ⁸ |
| Net asset value (NAV) return | N/A | N/A | N/A | N/A | N/A | 0.15/0.15 | N/A | N/A | N/A |
| Market price return | N/A | N/A | N/A | N/A | N/A | — | — | — | — |
| Nasdaq U.S. Large Cap Select Leaders Core Index ^{SM 4,6} | N/A | N/A | N/A | N/A | N/A | — | — | — | — |
| S&P 500 [®] Index ^{5,6} | N/A | N/A | N/A | N/A | N/A | — | — | — | — |
| Calendar year returns (%) | — | — | — | — | — | — | — | — | 2019 |
| Net asset value (NAV) return | — | — | — | — | — | — | — | — | N/A |
| Market price return | — | — | — | — | — | — | — | — | N/A |
| Nasdaq U.S. Large Cap Select Leaders Core Index ^{SM 4,6} | — | — | — | — | — | — | — | — | N/A |
| S&P 500 [®] Index ^{5,6} | — | — | — | — | — | — | — | — | N/A |

Source: State Street and Morningstar

Performance data quoted represents past performance. Past performance is no guarantee of future results and investment returns, and principal value of the Fund will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. Visit PrincipalETFs.com for current month-end performance.

⁴ The Nasdaq U.S. Large Cap Select Leaders Core IndexSM is designed to provide exposure to companies within the Nasdaq US Large Cap IndexSM that exhibit high degrees of sustainable shareholder yield, pricing power, and strong momentum.

⁵ S&P 500[®] Index is a market-capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

⁶ Index performance information reflects no deduction of fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

⁷ The net expense ratio reflects contractual expense limits, if any, which may lower net expenses and cause the gross and net expense ratios to differ. In such cases a date is listed through which expense limits are expected to apply; however, Principal Exchange-Traded Funds and the investment adviser may mutually agree to terminate the expense limits prior to the end of the period. Returns displayed are based on net total investment expense.

⁸ 30-Day SEC yield represents net investment income earned by a fund over a 30-day period, stated as an annual percentage. Unsubsidized yield reflects the SEC yield when some fund expenses are not waived. Subsidized yield reflects a fund's yield when all expense waivers are included.

⁹ As of July 1, 2019. The distribution yield is calculated by annualizing actual dividends distributed for the dividend period (monthly, quarterly, etc.) ending on the most recent dividend distribution date and dividing by the net asset value for the same date. The yield does not include long- or short-term capital gains distributions.

Active share: Measures how much different portfolio weights in securities are from benchmark weights. The higher the active share, the more the portfolio differs from the benchmark.

Returns shown for periods of less than one year are not annualized.

Carefully consider a fund's objectives, risks, charges, and expenses. This material must be preceded or accompanied by a prospectus. Please read it carefully before investing.

The portfolio re-balances semi-annually and may not reflect current allocations.

Strategic beta refers to indices that aim to enhance returns or minimize risk relative to a traditional market-capitalization weighted benchmark.

Risks

Asset allocation and diversification do not ensure a profit or protect against a loss. Investing in ETFs involves risk, including possible loss of principal. ETFs are subject to risk similar to those of stocks, including those regarding short-selling and margin account maintenance. Equity investments involve greater risk, including heightened volatility, than fixed-income investments.

This Fund is new and has limited operating history. Investor shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Ordinary brokerage commissions apply.

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