

Principal U.S. Small-MidCap Multi-Factor Core Index ETF

Second quarter 2019

Fund overview

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

Trading information

Symbol CUSIP
PSM 74255Y771

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

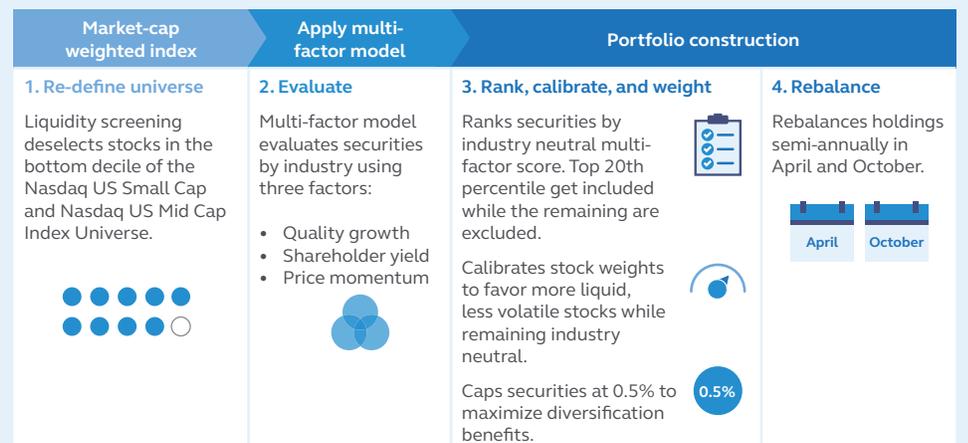
	Fund	Russell 2500 [®]
Fund AUM	N/A	—
Number of holdings	N/A	N/A
Dividend frequency	Quarterly	—
Active share	N/A	—
Market cap (weighted average)	N/A	N/A

Source: FactSet, Morningstar, State Street

Broad U.S. small- and mid-cap equity exposure through a multi-factor ETF

- Index-aware¹ design purposely deviates from traditional cap-weighted indexes, applying a multi-factor model and modified weighting process.
- Rules-based framework selects securities with high factor scores while diversifying through industry neutrality and mitigating excess liquidity and volatility risks.
- Portfolio construction combines three distinct factors - shareholder yield, momentum, and quality growth.

Index methodology



The Principal U.S. Small-MidCap Multi-Factor Core Index ETF seeks to track the Nasdaq US Small Mid Cap Select Leaders Core IndexSM, a Nasdaq-licensed index based on intellectual property from Principal. The index is designed to provide exposure to companies within the Nasdaq US Small Cap IndexSM and the Nasdaq US Mid 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:

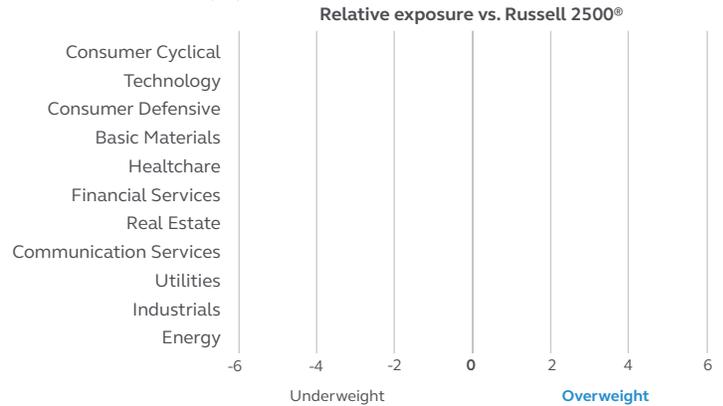
- Efficient access to small- and mid-cap stocks with relatively low tracking error to U.S. small- and mid-cap equity market.
- Innovative factor definitions and combinations may enhance the risk/return profile without significantly differing from the targeted index holdings.
- Index-aware design may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

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

Top 10 holdings¹

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

¹ 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 (%)²

² 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	0.20/0.20	N/A	N/A	N/A
Market price return	N/A	N/A	N/A	N/A	N/A	—	—	—	—
Nasdaq US Small Mid Cap Select Leaders Core Index ^{SM 3,5}	N/A	N/A	N/A	N/A	N/A	—	—	—	—
Russell 2500® Index ^{4,5}	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 US Small Mid Cap Select Leaders Core Index ^{SM 3,5}	—	—	—	—	—	—	—	—	N/A
Russell 2500® Index ^{4,5}	—	—	—	—	—	—	—	—	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.

³ The Nasdaq US Small Mid Cap Select Leaders Core IndexSM is designed to provide exposure to companies within the Nasdaq US Small Cap IndexSM and the Nasdaq US Mid Cap IndexSM that exhibit high degrees of sustainable shareholder yield, pricing power, and strong momentum.

⁴ The Russell 2500® Index is a broad index, featuring 2,500 stocks that cover the small- and mid-cap market capitalizations. Information regarding the comparison to the Russell 2500® Index is available upon request.

⁵ Index performance information reflects no deduction of fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

⁶ 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.

⁷ 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.

⁸ 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.

Small- and mid-cap stocks may have additional risks including greater price volatility. Equities considered to be growth or value stocks may not perform as expected. Stocks that previously exhibited high momentum characteristics may not experience positive momentum or may experience more volatility than the market as a whole.

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