

# Principal Active Income ETF (YLD)\*

A strategic response to income generation in changing market conditions

**Second quarter 2019**

**Trading information:**

**Symbol**

YLD

**Exchange**

NYSE Arca

**CUSIP**

74255Y102

**Relevant facts:**

**Inception date**

July 8, 2015

**Benchmark**

Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index

**Dividend schedule**

Monthly

**Net assets**

\$216,510,456

As a single-strategy solution, the Principal Active Income ETF benefits from:

**The agility of a flexible approach, which can help to improve income outcomes.**

Portfolio assets are allocated across various income-producing asset classes, utilizing our best income ideas. This multi-asset class approach seeks to:

- Generate current income.
- Mitigate portfolio volatility through diversified risk.
- Deliver more consistent portfolio returns over market cycles.
- Tilt the portfolio toward the most attractive asset classes based on current market conditions and opportunities.

**Active management, which can be key in high-yielding sectors.**

We believe investors gain from having an advocate for their invested assets versus passively investing in indices. With this ETF:

- Hands-on portfolio management is provided by an institutional asset manager and leader in income-oriented strategies.
- Proven experience with tactical asset allocation and security selection is provided.
- The manager implements the best income ideas per unit of risk with the flexibility to potentially capitalize on market conditions.

**Seeking to be an efficient vehicle for generating income.**

The portfolio allocation reflects a continual awareness of current market conditions. The ETF structure improves investor awareness through its:

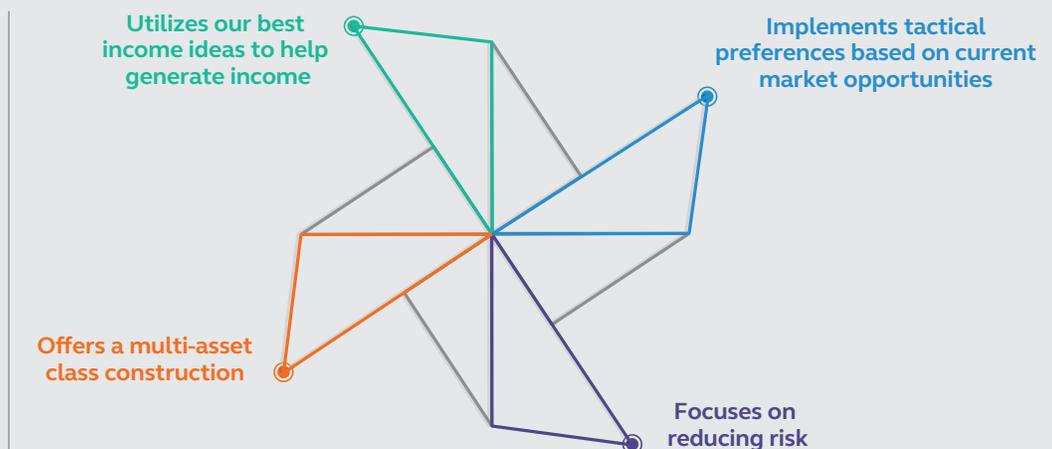
- Liquidity, with shares trading on the exchange.
- Improved tax efficiency inherent in the ETF structure.
- Cost-effective structure, often involving a relatively low management fee.
- Daily disclosure of the portfolio composition.



**Strategy benefits**

Generating income requires the right combination

Our portfolio gives you access to the strategic and tactical advantages of our asset allocation experience—along with greater portfolio flexibility and a broader range of opportunity to invest for current income.



\* Prior to May 1, 2019, the fund was called the Principal EDGE Active Income ETF.

**Portfolio strategy**

The Principal Active Income ETF seeks to provide current income.

**Portfolio management****Todd Jablonski, CFA**

21 years of experience

**Greg Tornga, CFA**

17 years of experience

**Charlie Averill, CFA**

29 years of experience

**Paul Kim, CFA**

20 years of experience

**Daniela Spassova, CFA**

20 years of experience

**Key attributes** (as of 06/30/2019)**Distribution yield<sup>2</sup>**

5.44%

**Number of holdings**

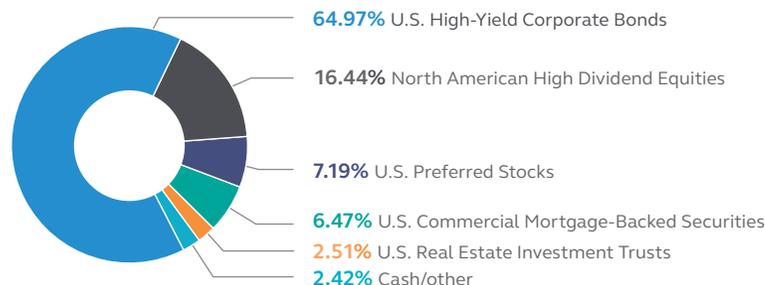
133

**Net expense ratio**

0.49%

**Gross expense ratio**

0.49%

**Sector allocation** (as of 06/30/2019)<sup>1</sup>**Top 10 holdings** (as of 06/30/2019)<sup>1</sup>

Rank	Holder	% of net assets
1.	Talen Energy Supply LLC	2.24%
2.	Gulfport Energy Corp Company	2.19%
3.	MetLife Inc Jr	1.97%
4.	Hologic Inc Company	1.91%
5.	HLF FIN SARL LLC/Herbali Company	1.91%
6.	CBL + Associates LP Company	1.88%
7.	Enlink Midstream Partner	1.83%
8.	PPL Capital Funding Inc Company	1.69%
9.	State Street Institutional US	1.64%
10.	Titan International Inc	1.62%
<b>Total % in top 10</b>		<b>18.88%</b>

**Performance history** (as of 06/30/2019)

YLD inception date July 8, 2015	Average annual total return					Yields	
	3-month	Year-to-date	1-year	3-year	Since inception through quarter end	30-day SEC (subsidized) <sup>3</sup>	30-day SEC (unsubsidized) <sup>3</sup>
Net asset value (NAV) return	1.87%	9.43%	4.95%	6.27%	5.25%	4.90%	4.90%
Market price return	1.97%	8.47%	5.61%	6.32%	5.34%	—	—
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index <sup>4</sup>	2.50%	9.94%	7.48%	7.52%	6.13%	—	—

Source: State Street.

Returns for time periods less than one year are not annualized.

<sup>1</sup> May not reflect current holdings or allocations. Percentages may not add up to 100% due to rounding.

<sup>2</sup> 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.

<sup>3</sup> The 30-Day SEC Yield represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. It is calculated based on the standardized formula set forth by the SEC. It is designed to standardize the yield calculation so that all exchange traded fund companies with the same or similar portfolios use a uniform method to obtain yield figures. Unsubsidized yield reflects what the SEC yield would be if the investment company were not waiving a portion of the Fund's expense ratio. Subsidized yield would reflect a Fund's yield incorporating all expense ratios waivers.

<sup>4</sup> An unmanaged index comprised of fixed-rate, non-investment-grade debt securities that are dollar denominated. The index limits the maximum exposure to any one issuer to 2%.

*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](http://PrincipalETFs.com) for current month-end performance.*

**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.**

**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.

Investor shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Ordinary brokerage commissions apply.

Fixed-income investments are subject to interest rate risk; as interest rates rise, their value will decline. Lower-rated securities are subject to additional credit and default risks. REIT securities are subject to risk factors associated with the real estate industry and tax factors of REIT registration. A master limited partnership (MLP) that invests in a particular industry (e.g., oil and gas) may be harmed by detrimental economic events within that industry. As partnerships, MLPs may be subject to less regulation (and less protection for investors) under state laws than corporations. In addition, MLPs may be subject to state taxation in certain jurisdictions, which may reduce the amount of income paid by an MLP to its investors.

Unlike typical ETFs, there are no indices that the Principal Active Income ETF attempts to track or replicate. Thus, the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio manager.

Principal Portfolio Strategies is involved in the creation of asset allocation solutions and is responsible for the initial selection and ongoing monitoring of affiliated and unaffiliated investment managers. Principal Portfolio Strategies is a specialized investment management group within Principal Global Investors, the investment advisor to Principal Funds.

ETFs can be tax efficient in that they are exchange-traded and redeem creation units from authorized participants by using redemptions in kind, which are not taxable transactions for the Fund. However, capital gains are still possible in an ETF, and if you reinvest the earnings of the ETF, you may owe taxes on your funds even if you didn't sell any shares, potentially eating into your returns.

ALPS Distributors, Inc. is the distributor of the Principal Active Income ETF.

ALPS Distributors, Inc. and Principal Funds are not affiliated.

© 2019 Principal Financial Services, Inc. Principal, Principal and symbol design and Principal Financial Group are registered trademarks and service marks of Principal Financial Services, Inc., a Principal Financial Group company. Principal Global Investors leads global asset management at Principal®. Principal Global Equities and Global Systematic Solutions (GSS) are a specialized investment management groups within Principal Global Investors.

MM17535-33 | 07/2019 | 882970-112019 | PRI000552-102020