

Principal Shareholder Yield Index ETF

PY | Second quarter 2019

Fund overview

A cyclical strategic beta solution for investors seeking strong, consistent income beyond dividend yield alone.

Trading information

Symbol PY
CUSIP 74255Y300
Exchange Nasdaq

Portfolio management

Jeff Schwarte, CFA
26 years of experience

Mark R. Nebelung, CFA
26 years of experience

Paul Kim, CFA
20 years of experience

Key attributes (as of 06/30/2019)

Number of holdings 138	Morningstar category Mid-Cap Value
Net/gross expense ratios¹ 0.29%/0.40%	Inception date March 21, 2016
Net assets \$14,394,580	Dividend schedule Quarterly
Benchmark Nasdaq US Shareholder Yield Index	

The Principal Shareholder Yield Index ETF seeks to track the Nasdaq US Shareholder Yield IndexSM, a Nasdaq-licensed index based on Principal's intellectual property. The index provides exposure to equity securities of mid- and large-capitalization U.S. issuers. The index focuses on U.S. companies with sustainable shareholder yield, strong cash flow generation, and capacity to increase dividends and/or buybacks. Investors cannot invest directly in an index.

Crafted to capture multiple sources of income

- Offers exposure to mid- and large-cap companies that demonstrate the ability to provide a consistent, sustainable, diversified income stream.
- Rigorous selection process screens for:
 - Dividend yield
 - Share buybacks
 - Cashflow generation
 seeking to provide clients with income opportunities they may be overlooking.
- Principal's decades of asset allocation expertise inform our purposeful index design and systematic implementation.

Index methodology

1. Define universe

Begin with the Nasdaq US Large Mid Cap Index.



2. Exclude

Companies that do not pay dividends are removed.



3. Assess

Factor model identifies sustainable shareholder yield companies that:

- Pay dividends
- Repurchase shares
- Generate ample cashflow.



4. Rank

Companies are scored based on each factor and ranked based on combined factor score.



5. Weight

Using a modified equally-weighted approach, allocations are made amongst the top two deciles.



6. Rebalance

Holdings are rebalanced annually in March.



Why consider allocating to a portfolio:

- As a comprehensive income-focused solution with potential for reduced interest rate sensitivity.
- As a replacement for overconcentrated income strategies.
- As a complement to active or passive strategies.

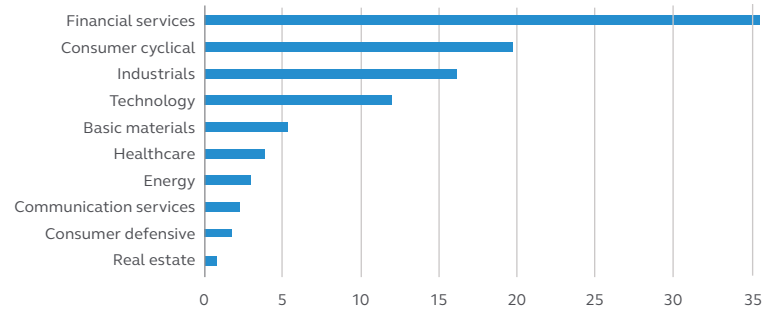
¹The investment adviser has contractually agreed to reduce total annual fund operating expenses for the Fund by waiving a portion of its management fee, to the extent that total expenses exceed 0.29% (excluding interest expense, expenses related to fund investments, acquired fund fees and expenses, and other extraordinary expenses) expressed as a percent of average net assets on an annualized basis. It is expected that the expense limit will continue through the period ending October 31, 2019; however, Principal Exchange-Traded Funds and the investment adviser may mutually agree to terminate the expense limit prior to the end of the period.

Top 10 holdings

	% of net assets
H&R Block Inc.	1.15
Starbucks Corp.	1.14
Fortune Brands Home & Security	1.14
CDW Corp.	1.12
Applied Materials Inc.	1.11
TE Connectivity Ltd.	1.11
Santander Consumer USA	1.10
ManpowerGroup Inc.	1.08
Honeywell International Inc.	1.08
Williams Sonoma Inc.	1.06
Total % in top 10	11.10

May not reflect current holdings, which are subject to change. Due to rounding, the sum may not equal the total shown.

Sector allocation (%)



May not reflect current allocations. Percentages may not add up to 100% due to rounding.

Performance history

PY inception date March 21, 2016	Total returns (%)					Yields (%)		
	3-month	Year-to-date	1-year	3-year	Since inception through quarter end	30-Day SEC ² (subsidized)	30-Day SEC ² (unsubsidized)	Distribution yield ³
Net asset value (NAV) return	4.02	15.68	0.68	11.43	9.94	2.14	2.03	2.28
Market price return	4.08	15.69	0.70	11.42	10.02	—	—	—
Nasdaq US Shareholder Yield Index	4.12	15.94	1.00	11.86	10.25	—	—	—
Russell 1000® Value TR USD	3.84	16.24	8.46	10.19	10.78	—	—	—

Source: Morningstar, State Street

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.

² 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. Subsidized yield reflects a fund's yield when all expense waivers are included. Unsubsidized yield reflects the SEC yield when some fund expenses are not waived.

³ 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.

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 annually and may not reflect current allocations.

Total returns for periods longer than one year are average annual total returns. Total returns shown for periods of less than one year are not annualized.

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

Principal Global Equities is a specialized internal investment boutique of Principal Global Investors, the investment adviser to Principal ETFs.

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.

Mid-cap stocks may have additional risks, including greater price volatility.

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MM8388-23 | 07/2019 | 860989-112019 | PRI000533-102020

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