

Principal Price Setters Index ETF

PSET | First quarter 2019

Fund overview

A cyclical strategic beta solution for investors seeking exposure to companies with quality and inflation resilience — traits that may make them more stable during periods of market stress.

Trading information

Symbol CUSIP
PSET 74255Y201

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 03/31/2019)

Number of holdings 150	Morningstar category Large Growth
Net/gross expense ratios¹ 0.29%/0.40%	Inception date March 21, 2016
Net assets \$14,333,806	Dividend schedule Quarterly

Benchmark

Nasdaq US Price Setters Index

The Principal Price Setters Index ETF seeks to track the Nasdaq US Price Setters Index, a Nasdaq-licensed index based on Principal's intellectual property. The index provides exposure to equity securities of large/mid-capitalization US issuers. The index focuses on US companies with sustainable pricing power, consistent sales growth, high/stable margins, quality earnings, low volatility, and high levels of profitability. Investors cannot invest directly in an index.

Crafted to harness the power of industry-leading price setters

- Focused on companies that demonstrate traits that may provide resilience during uncertain times – consistent sustainable sales and earnings growth and profitability.
- Utilizes several quantitative factors—rendering the process immune to familiarity bias*, a common pitfall in the large cap space.
- Principal's decades of asset allocation expertise inform our purposeful index design and systematic implementation.

Index methodology

1. Define universe

Begin with the top 550 stocks in the Nasdaq US Large Mid Cap Index.



2. Assess

Factor model identifies companies with sustainable earnings growth and pricing power.



3. Rank

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



4. Weight

Using a modified equally-weighted approach, allocations are made amongst the top ~150 stocks.



5. Rebalance

Holdings are rebalanced annually in March.



Why consider allocating to a portfolio:

- A complement to core passive large cap holdings.
- An efficient replacement for individual security selection.
- A satellite to core active large or mid cap holdings.

* Familiarity bias occurs when investors have a preference for familiar or well-known investments despite the seemingly obvious gains from diversification. They often exhibit this bias as a means of self-protection or self-enhancement.

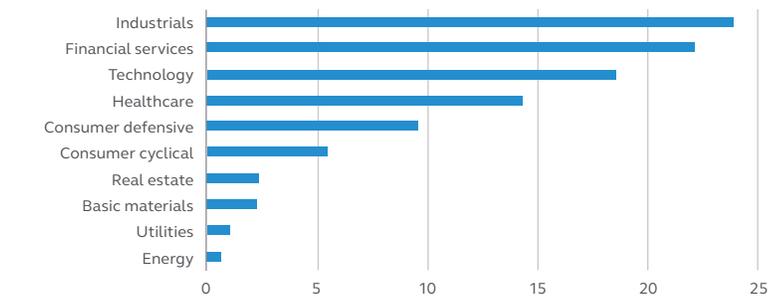
¹ The investment advisor has contractually agreed to limit the Fund's expenses by paying, if necessary, expenses normally payable by the Fund, (excluding interest expense, expenses related to fund investments, and other extraordinary expenses) to maintain a total level of operating expenses (expressed as a percent of average net assets on an annualized basis) not to exceed 0.29%. 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 limits prior to the end of the period.

Top 10 holdings

	% of net assets
McCormick + Co.	1.10
Accenture Plc.	1.09
Broadcom Inc.	1.08
MSCI Inc.	1.07
Zoetis Inc.	1.06
Veeva Systems Inc.	1.06
Idex Corp.	1.06
Intuit Inc.	1.06
Estee Lauder Companies	1.06
Xylem Inc.	1.05
Total % in top 10	10.70

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

Sector allocations (%)



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

Performance history

PSET 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	14.77	14.77	11.26	13.68	13.98	1.24	1.13	1.74
Market price return	14.77	14.77	11.14	13.66	13.95	—	—	—
Nasdaq US Price Setters Index	14.94	14.94	11.63	14.12	14.40	—	—	—
S&P 500 TR USD	13.65	13.65	9.50	13.51	13.56	—	—	—

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 April 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.

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

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

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