

# Principal Millennials Index ETF

GENY | Second quarter 2019

## Fund overview

A thematic solution for investors seeking to participate in the growth of companies positioned to capture the \$10 trillion in lifetime spending expected to come from the millennial generation<sup>1</sup>.

## Trading information

**Symbol** GENY **CUSIP** 74255Y508

**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)

<b>Number of holdings</b> 104	<b>Morningstar category</b> World Large Stock
<b>Net/gross expense ratios</b> 0.45%	<b>Inception date</b> August 19, 2016
<b>Net assets</b> \$21,029,248	<b>Dividend schedule</b> Quarterly
<b>Benchmark</b> Nasdaq Global Millennial Opportunity Index	

The Principal Millennials Index ETF seeks to track the Nasdaq Global Millennial Opportunity Index, a Nasdaq-licensed index based on Principal's intellectual property. The index is designed to provide exposure to global equity securities of companies that are impacted by the spending and lifestyle activities of the millennial generation. Investors cannot invest directly in an index.

## Crafted to harness the global impact of the largest generation in history

- Cuts across market caps, sectors, and regions to invest in companies that benefit from millennial consumption and the multi-generation "ripple effect" of their spending.
- Provides efficient exposure to companies seizing on disruption in lifestyle, technology, discretionary, and customer engagement preferences.
- Principal's decades of asset allocation expertise inform our purposeful index design and systematic implementation.

## Index methodology

### 1. Define universe

Begin with the Nasdaq Global Index.



### 2. Exclude

Companies with "micro" market capitalizations are removed.



### 3. Assess

Identify companies that derive high or medium proportions of their revenue from Millennial consumption.



### 4. Establish

The result is a ~100-stock portfolio, with 70% of holdings devoted to companies in the "high" Millennial consumption category and 30% devoted to the "medium" category.



### 5. Allocate

In order to impart an all-cap bias to the index, 60% of the portfolio is allocated to large cap stocks, while the other 40% is allocated to small and mid-cap companies.



### 6. Weight

A modified, equally-weighted methodology is applied.



### 7. Rebalance

Holdings are rebalanced annually in May.



## Why consider allocating to a portfolio:

- Incorporate a relatable theme for global growth into portfolios
- Complement core equity holdings with a high-conviction, all-cap strategy
- Capitalize on spending patterns of a cohort representing a quarter of the worldwide population<sup>2</sup>

<sup>1</sup> <https://www.forbes.com/sites/micahsolomon/2018/05/03/for-small-business-week-all-about-millennial-consumers-and-millennial-friendly-customer-experiences/#6bc698582f91>

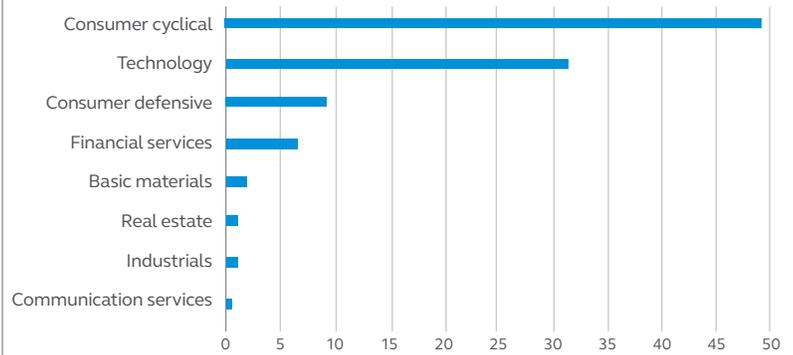
<sup>2</sup> <https://www.ft.com/content/f81ac17a-68ae-11e8-b6eb-4acfcfb08c11>

## Top 10 holdings

	% of net assets
Adidas AG	3.55
Fast Retailing Co. Ltd.	2.60
Lexinfintech Holdings	2.38
Facebook Inc.	2.35
New Oriental Education	2.28
Lululemon Athletica Inc.	2.27
TAL Education Group	2.27
PayPal Holdings Inc.	2.26
Discover Financial Services	2.25
Home Depot Inc.	2.23
<b>Total % in top 10</b>	<b>24.43</b>

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

GENY inception date August 19, 2016	Total returns (%)				Yields (%)		
	3-month	Year-to-date	1-year	Since inception through quarter end	30-day SEC <sup>3</sup> (subsidized)	30-day SEC <sup>3</sup> (unsubsidized)	Distribution yield <sup>4</sup>
Net asset value (NAV) return	3.42	21.85	4.70	16.84	0.27	0.27	0.43
Market price return	3.14	22.84	4.77	16.91	—	—	—
Nasdaq Global Millennial Opportunity Index	3.57	22.26	5.27	17.49	—	—	—
MSCI ACWI NR USD	3.61	16.23	5.74	10.14	—	—	—

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

<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. 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.

<sup>4</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.

**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 MSCI ACWI NR USD Index (net of foreign withholding taxes) is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. It is comprised of stocks from both developed and emerging markets.

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.

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

**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 accounts.

Equity investments involve greater risk, including heightened volatility, than fixed-income investments.

International and global investing involves greater risks such as currency fluctuations, political/social instability and differing accounting standards.

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