

Principal Sustainable Momentum Index ETF

PMOM | Second quarter 2019

Fund overview

A strategic beta solution for investors seeking momentum-driven exposure to large- and mid-cap stocks.

Trading information

Symbol PMOM
CUSIP 74255Y854

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 139	Morningstar category Large Growth
Net/gross expense ratios 0.29%	Inception date October 18, 2017
Net assets \$5,700,848	Dividend schedule Quarterly

Benchmark

Nasdaq US Sustainable Momentum Index

The Principal Sustainable Momentum Index ETF seeks to track the Nasdaq US Sustainable Momentum 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 is designed to provide exposure to companies within the Nasdaq US Large Mid Cap Index that exhibit strong momentum. Investors cannot invest directly in an index.

Crafted to harness the enduring potential of momentum stocks

- Purposely deviates from traditional cap-weighted strategies by filtering universe for companies with favorable momentum characteristics.
- Captures momentum where it is best rewarded¹ with a conditional rebalancing trigger designed to adapt to volatile markets and mitigate drawdown risk.
- Principal's decades of investment expertise inform our purposeful index design and systematic implementation.

Index methodology

1. Re-define universe

Begin with the Nasdaq US Large Mid Cap Index. Seeks companies with favorable momentum characteristics.



2. Determine

Looks to harvest returns where momentum is best rewarded (3 to 12 month periods) and avoid momentum where it is least rewarded (3 to 5 year periods).



3. Weight

Invests in the top 15% of companies in universe based on composite factor score (~120 companies) with an emphasis on the top decile.



4. Rebalance

Annual rebalance in March during normal markets, with ability to rebalance monthly during periods of increased volatility.



Why consider allocating to a portfolio:

- Complement or replace passive cap-weighted or fundamental active strategies
- Upgrade to a comprehensive solution that evaluates momentum over multiple time horizons
- Seek to mitigate drawdown risk with a conditional rebalancing trigger designed to respond to volatile markets

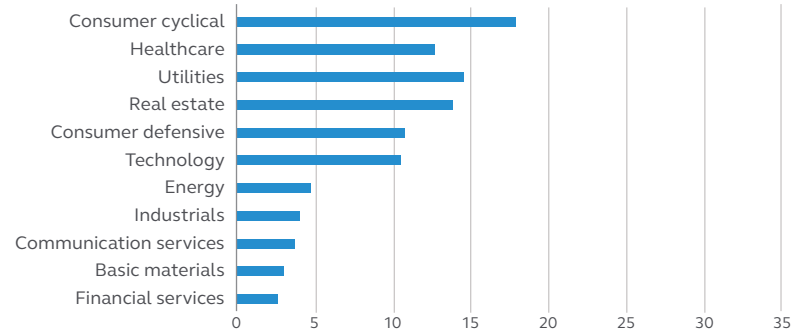
¹ In our views, momentum is best rewarded in 3-12 month periods and least rewarded in 3-5 year periods. This strategy seeks to harvest returns where it is best rewarded and avoid periods where it is least rewarded.

Top 10 holdings

	% of net assets
Coupa Software Inc.	1.40
Okta Inc.	1.34
Erie Indemnity Company	1.30
Chipotle Mexican Grill Inc.	1.17
Euronet Worldwide Inc.	1.11
Twilio Inc.	1.06
Dish Network Corp.	1.05
Ball Corp.	1.03
Under Armour Inc.	1.00
General Electric Co.	1.00
Total % in top 10	11.45

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

PMOM Inception date October 18, 2017	Total returns (%)				Yields (%)		
	3-month	YTD	1-year	Since inception through quarter end	30-day SEC ² (subsidized)	30-day SEC ² (unsubsidized)	Distribution yield ³
Net asset value (NAV) return	1.72	16.92	2.68	8.93	1.72	1.72	1.51
Market price return	1.67	17.15	2.66	8.93	—	—	—
Nasdaq US Sustainable Momentum Index	1.79	17.26	3.09	9.52	—	—	—
Russell 1000® TR USD	4.25	18.84	10.02	10.56	—	—	—

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 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. Stocks that previously exhibited high momentum characteristics may not experience positive momentum or may experience more volatility than the market as a whole. In addition, there may be periods when momentum style is out of favor, during which the investment performance of a Fund that uses momentum based strategies may suffer.

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

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MM9478-08 | 07/2019 | 861013-112019 | PRI000590-032021

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