

Principal Contrarian Value Index ETF

PVAL | Second quarter 2019

Fund overview

A strategic beta solution for investors seeking deep value exposure to large- & mid-cap stocks.

Trading information

Symbol PVAL
CUSIP 74255Y862

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 279	Morningstar category Mid-Cap Value
Net/gross expense ratios 0.29%	Inception date October 18, 2017
Net assets \$5,355,507	Dividend schedule Quarterly
Benchmark Nasdaq US Contrarian Value Index	

The Principal Contrarian Value Index ETF seeks to track the Nasdaq US Contrarian Value Index, a Nasdaq-licensed index based on Principal's intellectual property. The index is designed to provide exposure to the balance sheet value risk premia of companies within the Nasdaq US Large Mid Cap Index, while attempting to avoid those companies that exhibit value traps. Investors cannot invest directly in an index.

Crafted to favor the realities of companies' balance sheets over fickle market sentiment.

- Purposely deviates from traditional cap-weighted strategies by looking for deep value companies with upside potential.
- Built to avoid value traps by seeking to tilt away from unfavorable companies and mitigate risk through conditional rebalancing based on market conditions.
- Principal's decades of investment expertise inform our purposeful index design and systematic implementation.

Index methodology

1. Re-define universe

Remove utility companies from the Nasdaq US Large Mid Cap Index.



2. Assess

Separate financials from non-financials. Identify market condition (bear or normal).



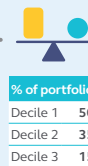
3. Rank and calibrate

Identify companies with higher book yields. Calibrate portfolio to favor high quality in normal markets and low quality in bear markets.



4. Weight

Assign weights to the top three deciles and equal weight stocks within each decile.



5. Rebalance

Annually (February), with ability to rebalance as often as quarterly during changing market conditions.



Why consider allocating to a portfolio:

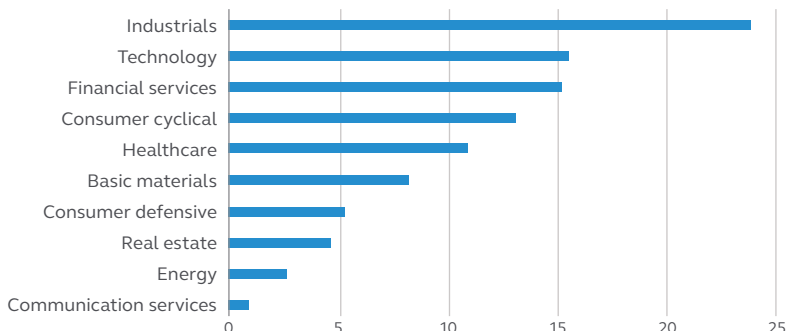
- Complement for passive cap-weighted or fundamental active strategies
- Upgrade to deep value solution targeting companies others may be overlooking
- Mitigate risk in deep value companies with a rules-based framework designed to respond to changing market conditions

Top 10 holdings

	% of net assets
Cypress Semiconductor Corp.	0.82
Dentsply Sirona Inc.	0.79
Pilgrim's Pride Corp.	0.72
Allergan Plc.	0.69
Marvell Technology Group Ltd.	0.69
Emcor Group Inc.	0.68
Pultegroup Inc.	0.67
Quest Diagnostics Inc.	0.67
Timken Co.	0.67
Eagle Materials Inc.	0.67
Total % in top 10	7.06

May not reflect current holdings, which are subject to change. Due to rounding, the sum may not equal the total shown. The holdings listed do not constitute a recommendation to purchase or sell a particular security.

Sector allocations (%)



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

Performance history

PVAL inception date October 18, 2017	Total returns (%)				Yields (%)		
	3-month	YTD	1-year	Since inception through quarter end	30-day SEC ¹ (subsidized)	30-day SEC ¹ (unsubsidized)	Distribution yield ²
Net asset value (NAV) return	4.77	20.02	4.13	5.49	1.58	1.58	1.44
Market price return	4.78	19.72	4.08	5.49	—	—	—
Nasdaq US Contrarian Value Index SM	4.88	20.33	4.47	5.98	—	—	—
Russell 1000 [®] Value TR USD	3.84	16.24	8.46	6.42	—	—	—

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.

¹ 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.

² 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.

Russell 1000[®] Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Information regarding the comparison to the Russell 1000[®] Value Index is available upon request.

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

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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