

Principal Value ETF

Third quarter 2021

Fund overview

A strategic beta solution that seeks strong returns beyond dividend yield alone. The Principal Value ETF provides exposure to companies that generate total shareholder yield through dividends, buybacks, and cash flow yield.

Trading information

Symbol PY
CUSIP 74255Y300

Exchange Nasdaq

Portfolio management

Jeffrey A. Schwarte, CFA

28 years of experience

Aaron Siebel, CFA

16 years of experience

Fund information

	Fund	Russell 1000® Value
Net assets	\$48.0M	—
Number of holdings	115	848
Dividend frequency	Quarterly	—
Active share	88.1%	—
Market cap ¹	\$45.3B	\$156.8B
Beta (3-year)	1.3	—
Standard deviation (3-year)	25.5	19.9
Sharpe ratio (3-year)	0.4	0.4

Source: FactSet, Principal Global Investors, and State Street

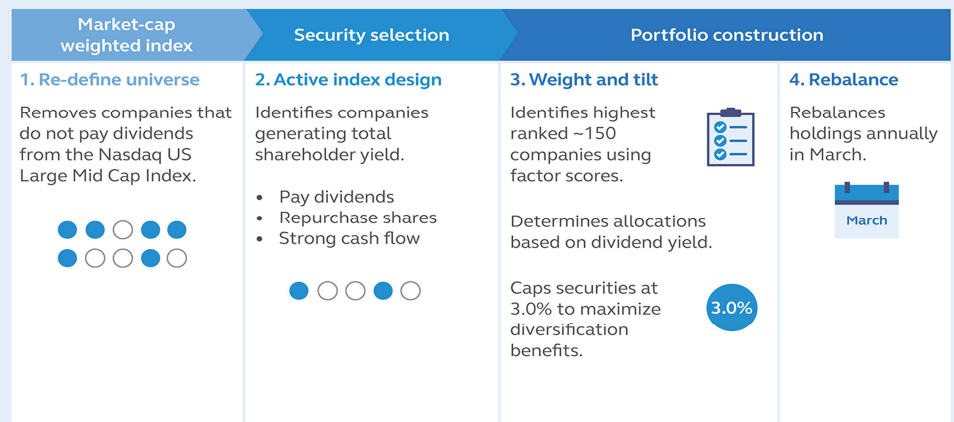
¹ Weighted average

Reported FactSet data is subject to revision over time, which may result in slight differences among data points reported during the same period.

Sustainable sources of potential return beyond dividend yield

- Active index design seeks exposure to mid- and large-cap value opportunities with sustainable sources of return.
- Rules-based framework identifies companies with strong cash generation, consistent cash deployment, and financial flexibility.
- Portfolio construction targets strong factor exposure and goes beyond cap weighting for further diversification.

Index methodology



The Principal Value ETF seeks to track the Nasdaq US Shareholder Yield IndexSM, a Nasdaq-licensed index based on intellectual property of Principal. The index is designed to provide 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. During extraordinary market conditions, the index provider may delay the scheduled rebalancing of the index until a future date when conditions have changed. With the rebalance that occurred on 4/29/2020, the weighting methodology for the Nasdaq US Shareholder Yield Index was changed from a tiered equal weighting approach to an approach that weights companies in proportion to company dividend yield.

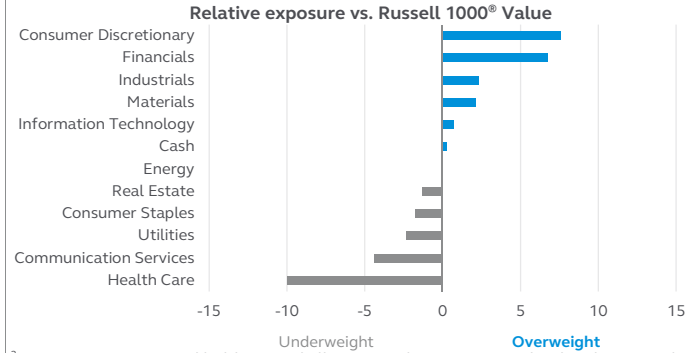
Why allocate to a portfolio:

- Innovative factor definitions, combinations, and portfolio construction may help increase returns and/or reduce risk.
- Active index design may make PY an attractive complement or replacement to passive, cap-weighted value strategies.
- Earnings- and cash flow-based value strategies can lead to compelling return profiles versus pure dividend-paying strategies.

Top 10 holdings²

	% of net assets
EQUITRANS MIDSTREAM CORP	3.8
ALTRIA GROUP INC	3.0
QURATE RETAIL INC SERIES A	2.2
PRUDENTIAL FINANCIAL INC	2.2
INTERPUBLIC GROUP OF COS INC	2.0
AMERICAN FINANCIAL GROUP INC	2.0
ESSEX PROPERTY TRUST INC REIT USD.0001	1.8
OLD REPUBLIC INTL CORP	1.7
SANTANDER CONSUMER USA HOLDI	1.6
DOW INC	1.6
Total	21.9

² Source: State Street. The holdings listed do not constitute a recommendation to purchase or sell a particular security. Cash and/or derivative positions that are not part of the core investment strategy will not be reflected in the top holdings list.

Sector allocation (%)³

³ Source: FactSet. Fund holdings and allocations shown are unaudited and may not be representative of current or future investments. Percentages may not add up to 100% due to rounding and/or inclusion or exclusion of cash.

Performance

	Total returns (%)							Yields (%)			
	3-month	Year-to-date	1-year	3-year	5-year	10-year	Since inception (03/21/2016)	Expense ratio ⁷ (net/gross)	Expense limit expiration date	30-Day SEC (Unsubsidized/subsidized) ⁸	Distribution yield ⁹
Net asset value (NAV) return	-0.64	24.66	50.21	10.47	12.97	—	12.35	0.15/0.15	—	2.42/2.42	3.92
Market price return	2.58	24.39	52.83	10.42	12.94	—	12.36	—	—	—	—
Nasdaq US Shareholder Yield Index ^{4,6}	-0.61	24.96	50.76	10.75	13.32	—	12.71	—	—	—	—
Russell 1000® Value Index ^{5,6}	-0.78	16.14	35.01	10.06	10.93	—	11.40	—	—	—	—
Calendar year returns (%)					2017	2018	2019	2020			
Net asset value (NAV) return					19.07	-12.51	26.33	2.51			
Market price return					18.88	-12.30	26.34	2.57			
Nasdaq US Shareholder Yield Index ^{4,6}					19.54	-12.29	26.83	2.65			
Russell 1000® Value Index ^{5,6}					13.66	-8.27	26.54	2.80			

Source: State Street and Principal Global Investors

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.

⁴ The Nasdaq US Shareholder Yield Index is designed to provide exposure to U.S. companies within the Nasdaq US Large Mid Cap Index which exhibit high degrees of sustainable shareholder yield. The universe of securities is screened by a series of quantitative and qualitative factors. The top-ranked securities are then selected and a proprietary weighting methodology is applied. The Index began on January 19, 2016 at a base value of 1000.

⁵ Russell 1000® Value Index is a market-capitalization weighted index of those firms in the Russell 1000® with lower price-to-book ratios and lower forecasted growth values.

⁶ Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

⁷ The net expense ratio reflects contractual expense limits, if any, which may lower net expenses and cause the gross and net expense ratios to differ. In such cases a date is listed through which expense limits are expected to apply; however, Principal Exchange-Traded Funds and the investment adviser may mutually agree to terminate the expense limits prior to the end of the period. Returns displayed are based on net total investment expense.

⁸ 30-Day SEC yield represents net investment income earned by a fund over a 30-day period, stated as an annual percentage. Unsubsidized yield reflects the SEC yield when some fund expenses are not waived. Subsidized yield reflects a fund's yield when all expense waivers are included.

⁹ As of October 1, 2021. 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.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Morningstar ratings do not reflect the inclusion of sales charges. If sales charges were reflected, ratings could be lower.

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Active share: Measures how different portfolio weights in securities are from benchmark weights. The higher the active share, the more the portfolio differs from the benchmark. **Beta:** Measures a portfolio's sensitivity to market movements. **Standard deviation:** Measures how widely portfolio returns have varied. **Sharpe ratio:** Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance.

Returns shown for periods of less than one year are not annualized.

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

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

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.

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

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

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

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.

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