

Principal U.S. Mega-Cap ETF

Third quarter 2021

Fund overview

A strategic beta solution that seeks enhanced stability with exposure to the largest companies in the United States. The Principal U.S. Mega-Cap ETF goes beyond traditional cap-weighted approaches to provide market-like returns with reduced volatility.

Trading information

Symbol USMC
CUSIP 74255Y870

Exchange
Nasdaq

Portfolio management

Jeffrey A. Schwarte, CFA
28 years of experience

Aaron Siebel, CFA
16 years of experience

Fund information

	Fund	S&P 500® Index
Net assets	\$2.0B	—
Number of holdings	45	505
Dividend frequency	Quarterly	—
Active share	55.7%	—
Market cap ¹	\$546.4B	\$568.7B
Beta (3-year)	0.9	—
Standard deviation (3-year)	16.9	18.6
Sharpe ratio (3-year)	0.8	0.8

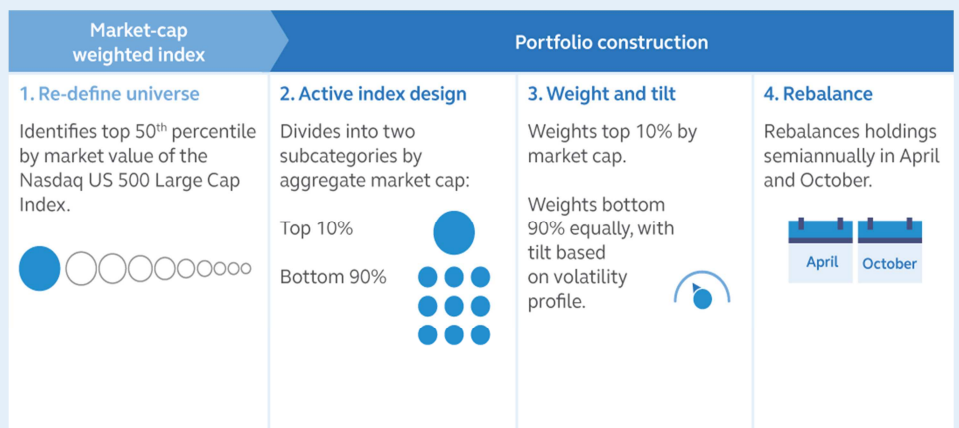
Source: FactSet, Principal Global Investors, and State Street

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.

Efficient mega-cap exposure with reduced volatility

- Active index design purposely deviates from passive large-cap-weighted indices to help provide better outcomes during down markets while participating in up markets.
- Rules-based framework helps ensure that a consistent approach is implemented through different market cycles.
- Portfolio construction with low-volatility tilt seeks to help investors keep more of what they earn by mitigating portfolio volatility.

Index methodology



The Principal U.S. Mega-Cap ETF seeks to track the Nasdaq US Mega Cap Select Leaders IndexSM, a Nasdaq-licensed index based on intellectual property of Principal. The index is designed to provide exposure to the largest U.S. companies within the Nasdaq US 500 Large Cap IndexSM. 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.

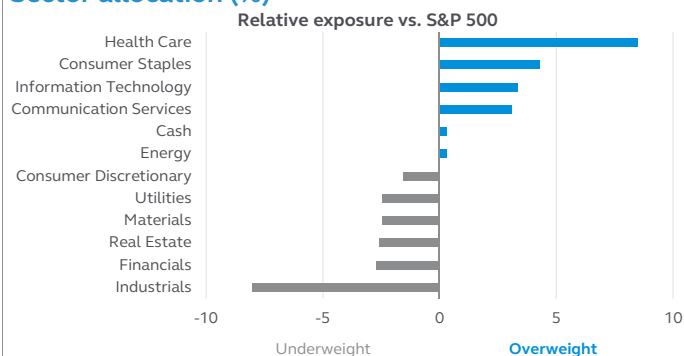
Why allocate to a portfolio:

- Innovative factor definitions, combinations, and portfolio construction may help increase returns and/or reduce risk.
- Active index design may make USMC an attractive complement or replacement to passive, cap-weighted or active strategies.
- A core large-blend strategy designed to help provide better outcomes during down markets while still participating in up markets.

Top 10 holdings²

	% of net assets
APPLE INC	6.0
PFIZER INC	3.5
MCDONALD S CORP	3.1
BERKSHIRE HATHAWAY INC CL B	3.1
PEPSICO INC	3.1
PROCTER + GAMBLE CO/THE	3.0
MERCK + CO. INC.	2.9
JOHNSON + JOHNSON	2.9
DANAHER CORP	2.7
AT+T INC	2.6
Total	32.9

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 (10/11/2017)	Expense ratio ⁷ (net/gross)	Expense limit expiration date	30-Day SEC (Unsubsidized/subsidized) ⁸	Distribution yield ⁹
Net asset value (NAV) return	1.93	13.74	24.42	14.73	—	—	14.81	0.12/0.15	10/31/2021	1.58/1.61	1.61
Market price return	2.00	13.86	24.66	14.79	—	—	14.85	—	—	—	—
Nasdaq US Mega Cap Select Leaders Index ^{4,6}	1.97	13.91	24.65	14.96	—	—	15.04	—	—	—	—
S&P 500 Index ^{5,6}	0.58	15.92	30.01	15.98	—	—	16.16	—	—	—	—
Calendar year returns (%)	2018						2019		2020		
Net asset value (NAV) return	-1.78						27.43		16.03		
Market price return	-1.73						27.25		15.96		
Nasdaq US Mega Cap Select Leaders Index ^{4,6}	-1.63						27.73		16.30		
S&P 500 Index ^{5,6}	-4.38						31.49		18.40		

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](https://www.principal.com/etfs) for current month-end performance.

⁴ The Nasdaq US Mega Cap Select Leaders Index is designed to provide exposure to the largest US companies within the Nasdaq US 500 Large Cap Index with a tilt to lower volatility companies. The Index began on June 26, 2017 at a base value of 1000.

⁵ S&P 500 Index is a market-capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

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.

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 semi-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.

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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