

PRINCIPAL U.S. MEGA-CAP ETF

Quarterly commentary

TICKER: USMC

FIRST QUARTER 2025

The Principal U.S. Mega-Cap ETF underperformed the S&P 500 Index during the period. Seven of the eleven sectors in the Index posted positive returns. The energy and healthcare sectors performed the best, while consumer discretionary and information technology lagged. Growth, high dividend yield, and high momentum outperformed during the period, while high beta and high earnings yield underperformed.

What helped

The main contributor to performance for the quarter was our allocation and selection within financials, primarily driven by an overweight allocation to the financial services industry. Also contributing to performance from a sector perspective was selection with communication services. From a factor perspective, our exposure to larger size was a major contributor, while our exposure to high quality also contributed to performance. The largest security contributors for the quarter included Berkshire Hathaway, Visa, and Netflix.

What hurt

The primary drivers of underperformance for the quarter was allocation and selection within information technology and consumer discretionary, which both posted double digit losses for the quarter within the Index. Within information technology, it was selection within software as well as semiconductors & semiconductor equipment that drove the underperformance. At the security level, overweight positions in Tesla, Merck, and Oracle detracted from performance.

What we did

The strategy's purpose remains consistent - rules-based while providing exposure to mega-cap companies. One rebalance was done during the quarter which resulted in adding to information technology and financials, while decreasing exposures to communication services and healthcare. The purpose of the rebalance was to adapt to the evolving market and increased market concentration by enhancing the methodology to more closely align with the original intention and design of the strategy.

Top 10 holdings

	% of net assets
Apple Inc.	7.1
Microsoft Corp.	6.0
Nvidia Corp.	5.8
Berkshire Hathaway Inc.	5.5
Visa Inc.	4.8
Mastercard Inc.	4.7
Netflix Inc.	4.5
JPMorgan Chase & Co.	4.3
Exxon Mobil Corp	4.1
Salesforce Inc.	4.1
Total	50.9

As of March 31, 2025. 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.

PRINCIPAL U.S. MEGA-CAP ETF as of March 31, 2025

Performance, rankings, & ratings

	Average annual total returns (%)						Yield (%)			
	3-month	1-year	3-year	5-year	10-year	Since inception (10/11/2017)	Expense ratio (gross/net) ⁽¹⁾	Expense limit expiration date	30-day SEC unsubsidized/subsidized ⁽²⁾	12-month distribution ⁽³⁾
Net asset value (NAV) return	-4.79	12.06	11.69	18.86	—	13.51	0.15/0.12	10/31/2025	0.90/0.93	0.93
Market price return	-5.41	11.80	11.49	18.80	—	13.46	—	—	—	—
S&P 500 ⁽⁴⁾⁽⁵⁾	-4.27	8.25	9.06	18.58	12.49	12.99	—	—	—	—
Morningstar rankings and ratings	3-month	1-year	3-year	5-year	10-year	Overall				
Category and number of funds in category: Large Blend	—	1,373	1,272	1,169	889	1,272	—	—	—	—
Class I percentile rankings ⁽⁶⁾	—	3	4	17	—	—	—	—	—	—
Class I ratings ⁽⁷⁾	—	—	★★★★★	★★★★	—	★★★★	—	—	—	—
Calendar year returns (%)	2018	2019	2020	2021	2022	2023	2024			
Net asset value (NAV) return	-1.78	27.43	16.03	26.23	-17.03	31.30	29.34			
Market price return	-1.73	27.25	15.96	26.43	-17.39	31.58	29.83			
S&P 500 ⁽⁴⁾⁽⁵⁾	-4.38	31.49	18.40	28.71	-18.11	26.29	25.02			

Source: State Street, Principal Global Investors, Morningstar. Morningstar percentile rankings are based on total returns.

Morningstar ratings are based on risk-adjusted returns.

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 www.PrincipalAM.com/ETF for current month-end performance.

⁽¹⁾ 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 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.

⁽²⁾ 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.

⁽³⁾ As of April 1, 2025. 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.

⁽⁴⁾ The S&P 500 is a market-capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

⁽⁵⁾ Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

⁽⁶⁾ Morningstar percentile rankings are based on total returns and do not reflect the inclusion of sales charges. If sales charges were reflected, rankings could be lower.

⁽⁷⁾ 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. © 2025 Morningstar, Inc. All rights reserved. Part of the mutual fund data contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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

Prior to June 10, 2022, the objective and strategy of the Fund differed from its current objective and strategy. Accordingly, performance of the Fund for periods prior to that date may not be representative of the performance the Fund would have achieved had the Fund been following its current objective and strategy.

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MM14395 | 04/2025 | 4315236-082025 | PRI001704-042027