

PRINCIPAL U.S. SMALL-CAP ETF

Quarterly commentary

TICKER: PSC

FIRST QUARTER 2025

The Principal U.S. Small-Cap ETF outperformed the Russell 2000® Index in the first quarter of 2025. One of the eleven sectors within the Index posted positive returns, with utilities and consumer staples providing the best returns, while information technology and consumer discretionary lagged. Growth, high dividend yield, and high momentum outperformed during the period, while high beta and high earnings yield underperformed.

What helped

The primary driver of outperformance for the quarter was stock selection in healthcare, particularly within biotechnology and pharmaceuticals, and information technology. Another major contributor to performance was our factor exposure to low beta, while exposure to high quality and high momentum also contributed to performance. At the security level, positions in healthcare companies Corcept Therapeutics and Hims & Hers Health, along with an overweight position in Brinker International, contributed positively to performance.

What hurt

The largest detractor for the quarter was our exposure to value, in particular, earnings yield. The only sector that detracted from performance was communication services. At the security level, overweight positions in Abercrombie & Fitch, Sterling Infrastructure, and Tandem Diabetes Care detracted from performance.

What we did

The strategy's methodology remains consistent - rules-based while targeting companies with attractive quality, momentum, and value factor exposures. No rebalances or material exposure changes were made during the quarter.

Top 10 holdings

	% of net assets
Brinker International Inc.	1.6
Hims & Hers Health Inc.	1.4
Sprouts Farmers Market Inc.	1.2
Carpenter Technology	1.0
Mr Cooper Group Inc.	0.8
Nextracker Inc.	0.8
Halozyne Therapeutics Inc.	0.8
Old National Bancorp	0.8
UMB Financial Corp	0.8
Jackson Financial Inc.	0.7
Total	9.7

As of Marchh 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. SMALL-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 (09/21/2016)	Expense ratio (gross/net) ⁽¹⁾	Expense limit expiration date	30-day SEC unsubsidized/ subsidized ⁽²⁾	12-month distribution ⁽³⁾
Net asset value (NAV) return	-5.25	-1.30	4.19	18.87	—	9.43	0.38/0.38	—	0.77/0.77	0.91
Market price return	-5.29	-1.28	4.26	19.21	—	9.44	—		—	—
Russell 2000® Index ⁽⁴⁾⁽⁵⁾	-9.48	-4.01	0.52	13.26	6.29	7.23	—		—	—
Morningstar rankings and ratings	3-month	1-year	3-year	5-year	10-year	Overall				
Category and number of funds in category: Small Blend	—	611	582	559	399	582	—		—	—
Class I percentile rankings ⁽⁶⁾	—	22	19	7	—	—	—		—	—
Class I ratings ⁽⁷⁾	—	—	★★★★	★★★★★	—	★★★★★	—		—	—
Calendar year returns (%)		2017	2018	2019	2020	2021	2022	2023	2024	
Net asset value (NAV) return		13.41	-9.23	18.87	13.45	32.32	-15.99	18.53	12.34	
Market price return		13.44	-9.35	19.07	13.37	32.38	-15.96	18.53	12.39	
Russell 2000® Index ⁽³⁾⁽⁴⁾		14.65	-11.01	25.52	19.96	14.82	-20.44	16.93	11.54	

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 Russell 2000® Index consists of the smallest 2,000 companies in the Russell 3000® Index, representing approximately 10% of the Russell 3000® total market capitalization.

⁽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 July 8, 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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Equity investments involve greater risk, including heightened volatility, than fixed income investments. Small-cap stocks may have additional risks, including greater price volatility. Unlike typical ETFs, there are no indices that the Principal U.S. Small-Cap ETF attempts to track or replicate. Thus, the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio manager.

Companies may at any time choose not to pay a dividend, or dividends paid may be less than anticipated.

The commentary represents the opinions of the sub-advisor and may not come to pass.



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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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