

USMC

Principal U.S. Mega-Cap ETF

Analyst Report

The Principal U.S. Mega-Cap ETF (USMC) tracks an index of the largest U.S. companies. The index first divides the biggest 10% of companies by market value from the bottom 90%. The top tier is weighted by market value while the bottom 90% are equal-weighted, with a tilt based on volatility. The result is a concentrated portfolio of about 40 securities. The biggest holdings are familiar names like Microsoft, Amazon, and Johnson & Johnson, with the lower tier including stocks like Home Depot and Chevron. USMC charges a reasonable management fee for the category.

USMC's concentrated portfolio is an argument against using the fund as a core portfolio holding, especially considering that there's so much portfolio overlap with better-diversified funds. USMC has plenty of competition in the multi-factor space, such as the JPMorgan Diversified Return U.S. Equity ETF (JPUS), the Invesco S&P 500 Low Volatility ETF (SPLV), the Invesco S&P 500 High Dividend Low Volatility ETF (SPHD), or the Goldman Sachs ActiveBeta U.S. Large Cap Equity ETF (GSLC), to name a few. Plain-vanilla market-cap weighted index funds also come with a built-in bent toward the largest companies, so investors should also take a look at ultra-low-cost S&P 500 index ETFs like the iShares S&P 500 ETF (IVV) or the Vanguard S&P 500 ETF (VOO).

ESG Themes and Scores

6.7/10

ESG Rate

58.3%

Global Percentile

62.68%

Peer Percentile

Performance Data

	USMC	ETF Database Category Average	Factset Segment Average
1 Month	4.71%	3.81%	1.71%
3 Month	4.70%	4.04%	2.47%
YTD Return	14.90%	13.62%	7.05%
1 Year Return	26.33%	25.13%	12.15%
3 Year Return	12.91%	5.92%	3.49%
5 Year Return	15.38%	9.46%	2.97%

Top 5 Holdings

Symbol	Holding	% Assets
NVDA	NVIDIA Corporation	7.75%
MSFT	Microsoft Corporation	7.18%
AAPL	Apple Inc.	6.94%
GOOGL	Alphabet Inc. Class A	4.10%
COST	Costco Wholesale Corporation	4.07%

Vitals

Issuer	Principal
Brand	Principal
Structure	ETF
Expense Ratio	0.12%
Inception	Oct 12, 2017
Index Tracked	N/A

ETF Database Themes

Category	Large Cap Growth Equities
Asset Class	Equity
Asset Class Size	Large-Cap
Asset Class Style	Blend
Region (General)	North America
Region (Specific)	U.S.

FactSet Classifications

Segment	Equity: U.S. - Large Cap
Category	Size and Style
Focus	Large Cap
Niche	Broad-based
Strategy	Active
Weighting	Proprietary

