

Principal Diversified Income Fund

Second quarter 2026

Fund overview

The Fund invests across global credit sectors with a goal of identifying diversified sources of income through a risk-aware approach to portfolio construction.

Ticker

Class I: PGDIX Class C: PGDCX
Class A: PGBAX Class R6: PGBLX

Portfolio management

May Tong, CFA

25 years of experience

Ben Rotenberg, CFA, CAIA

33 years of experience

Fund information

	Fund
Fund AUM	\$2.0B
Number of holdings	3,164
Weighted average duration	4.3
Standard deviation (3-year)	4.4

Source: FactSet

Duration: The sensitivity of the value of principal of a fixed-income investment to interest rate changes. **Standard deviation:** Measures how widely portfolio returns have varied.

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

Increase diversification and yield potential

- Open architecture approach combines multiple credit sectors and active, third-party and proprietary managers.
- Global, diversified opportunity set may offer more attractive income and total return potential than traditional core fixed income.
- Risk-aware portfolio construction incorporates macroeconomic insights with robust holdings-based risk analysis.

Portfolio allocations (as of 06/30/2026)

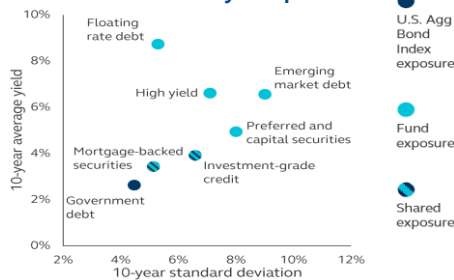
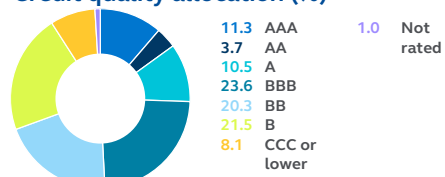
	2Q26	1Q26
Investment-grade credit	22.2%	23.9%
Global investment-grade credit		
BlackRock Financial Management, Inc.	6.0%	6.6%
U.S. investment-grade credit		
PineBridge Investments LLC	16.2%	17.3%
Securitized	12.8%	12.2%
Agency mortgage-backed securities		
Principal Fixed Income	7.9%	7.5%
Opportunistic securitized		
Grantham, Mayo, Van Otterloo & Co. LLC	4.9%	4.7%
High yield	33.9%	34.8%
Post Advisory Group, LLC	19.9%	21.2%
Polen Capital Credit, LLC	14.0%	13.6%
Floating rate debt	3.6%	3.4%
Nuveen Asset Management, LLC	3.6%	3.4%
Preferred and capital securities	9.4%	9.3%
Spectrum Asset Management, Inc.	9.4%	9.3%
Emerging market debt	14.3%	13.9%
Principal Finisterre	14.3%	13.9%
Liquidity	1.6%	0.5%
Principal Asset Allocation	1.6%	0.5%
Tactical asset allocation	1.9%	1.8%
Principal Asset Allocation	1.9%	1.8%

May not reflect current allocations or investment managers. Percentages may not add up to 100% due to rounding.

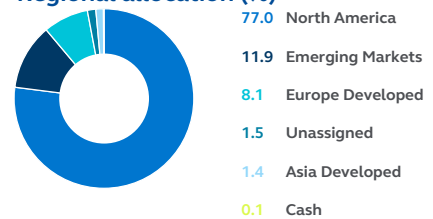
A Tactical asset allocation sleeve was added in 2023. At times, there may not be any tactical views reflected through this sleeve, so allocations may be zero.

Why allocate to a portfolio:

- **Enhance income:** Complement to lower-yielding core fixed income.
- **Diversify exposure:** Flexible approach to adapt to market uncertainty and increased volatility.
- **Create capacity in your investment process:** Partner with an expert in diversified solutions across market cycles, backed by a team of professionals with access to industry-leading global insights and specialist investment capabilities.

Diversification and yield potential***Credit quality allocation (%)^{1,2}**

¹ Credit quality shows the credit ratings for the fixed income securities in the fund as rated for credit risk by S&P and/or Moody's and typically range from AAA/Aaa (highest) to C/D (lowest). If the agencies assign different ratings, the highest of the two is used. The NR category consists of rateable securities that have not been rated by either.

Regional allocation (%)²

² 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, rankings, & ratings

Average annual total returns (%)										Yields (%) ⁹			
	3-month	Year-to-date	1-year	3-year	5-year	10-year	Since inception (12/15/2008)	Expense ratio ⁸ (net/gross)	Expense limit expiration date	30-Day SEC (Unsubsidized/subsidized)	12-month distribution		
Class I ³	1.87	0.31	2.89	5.87	2.25	3.94	7.28	0.73/0.82	02/28/2027	5.74/5.86	6.35		
DI Blended Index (Linked) ^{4,5}	0.67	0.62	3.79	4.16	0.10	2.74	5.80	–	–	–	–		
Morningstar Category Average	1.90	1.65	5.31	6.86	2.75	3.77	–	–	–	–	–		
Morningstar rankings and ratings	3-month	Year-to-date	1-year	3-year	5-year	10-year	Overall						
Category and number of funds in category: Multisector Bond	387	382	368	347	311	228	347						
Class I percentile rankings ⁶	–	–	96	82	65	44	–						
Class I ratings ⁷	–	–	–	★★	★★★	★★★	★★★						
Calendar year returns (%)				2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class I ³				9.62	10.23	-5.39	13.77	1.87	8.66	-11.20	8.52	5.44	6.49
DI Blended Index (Linked) ^{4,5}				10.25	12.24	-5.70	9.84	7.58	0.26	-12.92	5.53	1.25	7.30
Morningstar Category Average				7.52	6.07	-1.52	9.80	4.84	2.49	-9.85	8.13	5.96	7.75

Morningstar percentile rankings are based on total returns. Morningstar ratings are based on risk-adjusted returns.

Returns represent past performance and do not guarantee future results. Share price, principal value, and return will vary and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For the most recent month-end performance, visit www.PrincipalAM.com/mutual.

* U.S. Agg Bond index: The Bloomberg U.S. Aggregate Bond Index. The 10-year average yield is the average of the monthly yield to worst for each index. Standard deviation is calculated monthly. Source for Floating rate debt yield is Factset and Nuveen and is yield to maturity as of current quarter end. Sectors: Government debt (Bloomberg U.S. Treasury 3-10 Year Index), Investment-grade credit (Bloomberg U.S. Corporate Investment Grade Index), Preferred and capital securities (ICE BofA U.S. All Capital Securities Index), High yield (Bloomberg U.S. Aggregate Credit Corporate High Yield 2% Issuer Capped Index), Mortgage-backed securities (Bloomberg U.S. MBS Index), Floating rate debt (Morningstar LSTA U.S. LL TR Index), and Emerging market debt (J.P. Morgan EMBI Global Diversified Index).

³ Performance assumes reinvestment of all dividends and capital gains.

⁴ DI Blended Index (Linked) composition: March 1, 2022 and after, 100% Bloomberg U.S. Aggregate Index (covers the U.S. investment-grade fixed rate bond market and represents securities that are domestic, taxable, and dollar denominated), for the period prior to March 1, 2022, 80% Bloomberg Global Aggregate Index (a broad-based measure of global investment-grade fixed income) and 20% MSCI World Value Index NTR (includes large- and mid-cap securities across developed markets that exhibit overall value style), and for the period prior to January 1, 2019, 40% Bloomberg Global Credit Index (represents global investment-grade, fixed-rate, taxable corporate and government-related bonds), 30% Bloomberg Global High Yield Index (represents the global high yield bond market), and 30% MSCI ACWI Value Index NTR (a market cap weighted index that is a broad measure of global equity-markets). Net Total Return (NTR) includes dividends after the deduction of withholding taxes.

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.

⁸ 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.

⁹ 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. 12-month yield is based on actual distributions paid over a trailing 12-month period, stated as an annual percentage.

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

Asset allocation and diversification do not ensure a profit or protect against a loss.

Fixed-income investments are subject to interest rate risk; as interest rates rise their value will decline. Lower-rated securities are subject to additional credit and default risks, as are mortgage-backed securities, which carry pre-payment risk and increased risk due to real estate exposure. Risks of preferred securities differ from risks inherent in other investments. In particular, in a bankruptcy preferred securities are senior to common stock but subordinate to other corporate debt. International investing involves greater risks such as currency fluctuations, political/social instability, and differing accounting standards. These risks are magnified in emerging markets, which have increased liquidity risk.

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