Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Pa	rt I	Reporting I	lssuer			
1 !:	Issuer's name					2 Issuer's employer identification number (EIN)
Princ	cipal F	unds. Inc Dive	ersified Income Fur	ıd		XX-XXX2431
Principal Funds, Inc Diversified Income Fu 3 Name of contact for additional information				4 Telephone No. of contact		5 Email address of contact
Princ	cipal F	unds			1-800-222-5852	investorcontact@principalfunds.com
6 1	Numbe	r and street (or F	P.O. box if mail is not	delivered to	street address) of contact	7 City, town, or post office, state, and ZIP code of contact
ь о	D 2	10071				Vancas City MO (4121 0071
	Box 2 Date of	action		9 Cla	ssification and description	Kansas City, MO 64121-9971
	Attach		1		tachment	
10 (CUSIP	number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
		ttachment			See Attachment	
Pai						See back of form for additional questions.
14 		ction ► See Att		,		late against which shareholders' ownership is measured for
15			tive effect of the orga			urity in the hands of a U.S. taxpayer as an adjustment per
	Silaic	or as a percente	age of old basis F S	ee Attachm	<u>ient</u>	
16		ribe the calculation dates ► <u>See</u>		asis and th	e data that supports the calc	ulation, such as the market values of securities and the

Part	Ц (Organizational Action (continued	<i>(</i>)				
		applicable Internal Revenue Code sectio			· · · · · · · · · · · · · · · · · · ·		
The nor	n-taxa	ble return of capital was determined in	accordance with sections	301, 312, 316 and 851	-855 of the Internal Revenue Code.		
-							
10 0	an any	resulting loss be recognized? ► See A	ttaahmant				
18 Ca	an any	resulting loss be recognized?	ttachment				
-							
-							
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19 Pr	ovide	any other information necessary to imple	ement the adjustment, such a	s the reportable tax yea	ar ▶		
-							
-							
	Llada	u nanaltina of marium. I dealars that I have ave	uning dithic voture, including again		atataments, and to the best of my knowledge on		
		, it is true, correct, and complete. Declaration o			statements, and to the best of my knowledge an which preparer has any knowledge.		
Sign			,		, , ,		
Here		Ciam and against aim and in tax	B 45 0000				
Here	Signa	ture ► Signed copy maintained in tax	payer's records.	Date ▶	Date ► December 15, 2022		
	Print	your name ► Tara Parks	15		VP & Assistant Controller		
Paid		Print/Type preparer's name	Preparer's signature	Date	Check if PTIN		
Prepa	ırer				self-employed		
Use C		Firm's name ►			Firm's EIN ▶		
		Firm's address ▶			Phone no.		
Send Fo	rm 89	37 (including accompanying statements)	to: Department of the Treasu	ury, Internal Revenue Se	ervice, Ogden, UT 84201-0054		



Principal Funds, Inc. – Diversified Income Fund

EIN: XX-XXX2431

Attachment to Form 8937, Report of Organizational Action Affecting Cost Basis

December 15, 2022

This notice is provided to inform shareholders of Principal Funds, Inc. – Diversified Income Fund of an action that affects your cost basis of shares owned during the period of January 1, 2022 through October 31, 2022. A portion of the ordinary income dividends paid by Principal Funds, Inc. – Diversified Income Fund for its taxable year ended October 31, 2022 is in excess of its earnings and profits and is designated as a non-taxable return of capital.

The non-taxable return of capital reduces your cost basis (see details for each class of shares in the table below). If you receive a 2022 Form 1099-DIV, the non-taxable return of capital amount will be shown in Box 3, Non-dividend distributions. The adjustment to your cost basis will impact your gain or loss calculation when you sell your shares of Principal Funds, Inc. – Diversified Income Fund. For further information, please see Publication 550, Investment Income and Expenses and/or consult your tax advisor.

Principal Funds, Inc. – Diversified Income Fund Return of Capital

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Class of Common Shares	CUSIP	Ticker Symbol	Per Share Return of				
(Form 8937, Box 9)	(Form 8937, Box	(Form 8937,	Capital Basis				
	10)	Box 12)	Adjustment *				
Class A	74254V224	PGBAX	\$0.005379828				
Class C	74254V216	PGDCX	\$0.004416809				
Class R6	742537244	PGBLX	\$0.005805458				
Institutional	74254V232	PGDIX	\$0.005788813				

^{*1.188912198%} of ordinary income dividends paid during the period 01/01/2022 – 10/31/2022.

This information is being provided pursuant to Internal Revenue Code Section 6045B(e), as amended. The information in this notice is also reported to the IRS.

Direct questions regarding this notice to: Principal Funds

P. O. Box 219971

Kansas City, MO 64121-9971 Phone: 1.800.222.5852

Email: investorcontact@principalfunds.com

Website:

https://www.principalfunds.com/customer-support/contact-us

The tax information contained herein is provided for informational purposes only and should not be construed as legal or tax advice.