

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► _____
The non-taxable return of capital was determined in accordance with sections 301, 312, 316 and 851-855 of the Internal Revenue Code.

18 Can any resulting loss be recognized? ► See Attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► _____

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ► Signed copy maintained in taxpayer's records. Date ► December 15, 2022

Print your name ► Tara Parks Title ► VP & Assistant Controller

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►			Firm's EIN ►	
	Firm's address ►			Phone no.	



Principal Funds, Inc. – SAM Flexible Income Portfolio

EIN: XX-XXX7566

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. – SAM Flexible Income Portfolio 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. – SAM Flexible Income Portfolio 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. – SAM Flexible Income Portfolio. For further information, please see Publication 550, Investment Income and Expenses and/or consult your tax advisor.

Principal Funds, Inc. – SAM Flexible Income Portfolio Return of Capital

Class of Common Shares (Form 8937, Box 9)	CUSIP (Form 8937, Box 10)	Ticker Symbol (Form 8937, Box 12)	Per Share Return of Capital Basis Adjustment *
Class A	74254V448	SAUPX	\$0.003440878
Class C	74254V422	SCUPX	\$0.001849292
Class J	74254U184	PFIJX	\$0.003764556
Class R1	74254U150	PFIGX	\$0.002329654
Class R3	74254U168	PFIPX	\$0.002939900
Class R4	74254U143	PFILX	\$0.003308933
Class R5	74254U135	PFIFX	\$0.003566638
Institutional	74254U192	PIFIX	\$0.004020199

*2.061640693% 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:

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

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