## 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

P	art I Repo	rting I	ssuer				· · · · · · · · · · · · · · · · · · ·	
1	Issuer's name						2 Issuer's employer identification number (EIN)	
Prir	ncipal Funds, In	c SAN	l Flexible Income P	XX-XXX7566				
3 Name of contact for additional information				4 Telephone No. of contact			5 Email address of contact	
Prir	ncipal Funds				1-800-222-5852		investorcontact@principalfunds.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of or						rt .	7 City, town, or post office, state, and ZIP code of contact	
P.O	). Box 219971						Kansas City, MO 64121-9971	
8 Date of action 9 Classification and description							- tanded only, me on a real real real real real real real re	
See	Attachment			See Atta	chment			
	CUSIP number		11 Serial number(		12 Ticker symbol		13 Account number(s)	
D	See Attachme		unal Action Attack	sh additions	See Attachment	l Coo box	ck of form for additional questions.	
14							inst which shareholders' ownership is measured for	
17	the action ▶			ipplicable, the	e date of the action of the	date agai	inst which shareholders ownership is measured for	
_								
15			ive effect of the orga ge of old basis ► <u>S</u> r			ecurity in t	he hands of a U.S. taxpayer as an adjustment per	
16	Describe the c			pasis and the	data that supports the ca	alculation,	such as the market values of securities and the	
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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						
<b>18</b> Ca	an any	resulting loss be recognized?	ttachment						
-									
-									
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<b>19</b> 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									
Here	Signa	ture ► Signed copy maintained in tax	Date ▶	·					
	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. – 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

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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	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			

<sup>\*2.061640693%</sup> 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:

 $\underline{https://www.principalfunds.com/customer-support/contact-us}$ 

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