



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

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	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.