

Principal Funds, Inc. – LargeCap Value Fund
Federal Income Tax Information
October 12, 2018

The following information is being provided to you, prompted by the acquisition of Principal Funds, Inc. – LargeCap Value Fund (“Fund”) effective October 12, 2018.

Dividends Received Deduction (“DRD”). For corporate shareholders, the percentage of ordinary income distributions (dividend income and short-term gains, if any) for the tax year ended October 12, 2018 that qualifies for the DRD is 28.26%.

Qualified Dividend Income (“QDI”). Certain dividends paid by the Fund may be subject to a maximum tax rate of 20%. The QDI percentage of ordinary income distributions for the tax year ended October 12, 2018 is 29.10%.

Long-Term Capital Gain Distributions. The Fund distributed long-term capital gain dividends during the tax year ended October 12, 2018. Unless otherwise designated, long-term capital gain dividends are subject to a maximum tax rate of 20-percent, 15-percent, or 0-percent, depending on the shareholder's taxable income. To the extent necessary to distribute such capital gains, the Fund may also utilize, and hereby designate, earnings and profits distributed to shareholders on redemptions of shares as part of the Dividends Paid Deduction.

Principal Funds, Inc. – LargeCap Value Fund

Per Share Long-Term
Capital Gain Distributions
\$2.4838

This information is given to meet certain requirements of the Internal Revenue Code and should not be used by shareholders for preparing their income tax returns. For tax return preparation purposes, please refer to the information supplied with the 1099-DIV form you will receive from the fund's transfer agent. Please consult your tax advisor if you have any questions.

The latest tax reporting supplement is available on Principal's Tax Center website.
Website: <https://www.principalfunds.com/individual-investor/customer-support/tax-center>