

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 ▶ See Attachment

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 ▶ January 08, 2019

Print your name ▶ Sara Reece Title ▶ Vice President & 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. – Global Diversified Income Fund (EIN:XX-XXX2431)

Attachment to Form 8937, Report of Organizational Action Affecting Cost Basis
December 17, 2018 (subsequently amended January 8, 2019¹)

This notice is provided to inform shareholders of Principal Funds, Inc. – Global Diversified Income Fund of an action that affects your cost basis of shares owned during the period of January 1, 2018 through October 31, 2018. A portion of the ordinary income dividends paid by Principal Funds, Inc. – Global Diversified Income Fund for its taxable year ended October 31, 2018 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 2018 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. – Global Diversified Income Fund. For further information, please see Publication 550, Investment Income and Expenses and/or consult your tax advisor.

Principal Funds, Inc. – Global 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	\$0.024063150
Class C	74254V216	PGDCX	\$0.019761861
Class T ¹	74256W410	PGKTX	\$0.016784046
Institutional	74254V232	PGDIX	\$0.025938069
R-6	742537244	PGBLX	\$0.026098489

*5.0132% of ordinary income dividends paid during the period 01/01/2018 – 10/31/2018.

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 8024
Boston, MA 02266-8024
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.

¹ Amended and reposted on January 8, 2019. Original posting from December 17, 2018 did not include Class T, which closed August 24, 2018. Minor rounding changes were also made to the Per Share Return of Capital Basis Adjustments for Class A and R-6.