

2018 Capital Gains Distributions

As of October 31, 2018

This is the total list of funds offered by Principal Funds, Inc. that are estimated to have a capital gain in 2018.

Per-share amounts are the same for each class of shares. Capital gains don't include ordinary income distributions. You may owe federal and/or state income taxes on any capital gains.

Payable date: December 19, 2018 (This is when the distribution is paid.)

Record date: December 18, 2018 (If you owned shares as of this date, you're entitled to receive the distribution.)

Ex date: December 19, 2018 (On this date, shares trade at a value adjusted for the distribution.)

Fund	Short-term capital gain (per share)	Long-term capital gain (per share)	Total capital gain distribution (per share)	10/31/2018 NAV ¹	Distribution as a percent of NAV
Blue Chip Fund	0.0000	1.6109	1.6109	\$22.51	7.16%
Diversified International Fund	0.0000	0.6222	0.6222	\$12.26	5.08%
EDGE MidCap Fund ¹	0.0421	0.6111	0.6532	\$13.53	4.83%
Equity Income Fund	0.1371	1.2551	1.3922	\$30.97	4.50%
Global Multi-Strategy Fund	0.2386	0.3959	0.6345	\$10.90	5.82%
Global Opportunities Fund	5.3201	1.9588	7.2789	\$12.24	59.47%
Global Real Estate Securities Fund	0.0000	0.1023	0.1023	\$8.62	1.19%
International Emerging Markets Fund	0.0000	0.6576	0.6576	\$24.03	2.74%
International Equity Index Fund ¹	0.0083	0.1073	0.1156	\$9.81	1.18%
International Fund I	0.0000	0.7674	0.7674	\$14.06	5.46%
International Small Company Fund	0.1606	0.6020	0.7626	\$10.97	6.95%
LargeCap Growth Fund	1.0115	3.6705	4.6820	\$9.19	50.95%
LargeCap Growth Fund I	0.0611	1.9109	1.9720	\$15.09	13.07%
LargeCap S&P 500 Index Fund	0.0262	0.9465	0.9727	\$17.99	5.41%
LargeCap Value Fund III ¹	0.1897	1.1694	1.3591	\$17.05	7.97%
MidCap Fund ²	0.0397	2.8685	2.9082	\$26.24	11.08%
MidCap Growth Fund ¹	0.0000	1.1487	1.1487	\$8.92	12.88%
MidCap Growth Fund III ¹	0.1965	1.0816	1.2781	\$11.50	11.11%
MidCap S&P 400 Index Fund ¹	0.1093	1.8289	1.9382	\$20.76	9.34%
MidCap Value Fund I ¹	0.1708	1.3932	1.5640	\$14.62	10.70%
MidCap Value Fund III	0.0000	1.3889	1.3889	\$18.06	7.69%
Multi-Manager Equity Long/Short Fund	0.1063	0.8774	0.9837	\$10.21	9.63%
Overseas Fund ¹	0.0341	0.6862	0.7203	\$10.12	7.12%
Principal Capital Appreciation Fund	0.5210	21.8403	22.3613	\$63.24	35.36%
Principal LifeTime 2010 Fund	0.0064	0.7387	0.7451	\$13.33	5.59%
Principal LifeTime 2015 Fund ¹	0.0067	0.6633	0.6700	\$10.18	6.58%
Principal LifeTime 2020 Fund	0.0129	0.6287	0.6416	\$13.92	4.61%
Principal LifeTime 2025 Fund ¹	0.0066	0.4018	0.4084	\$11.18	3.65%
Principal LifeTime 2030 Fund	0.0090	0.7951	0.8041	\$14.31	5.62%
Principal LifeTime 2035 Fund ¹	0.0140	0.5948	0.6088	\$11.97	5.09%
Principal LifeTime 2040 Fund	0.0106	1.0243	1.0349	\$14.99	6.90%
Principal LifeTime 2045 Fund ¹	0.0113	0.6203	0.6316	\$12.51	5.05%
Principal LifeTime 2050 Fund	0.0038	0.9576	0.9614	\$15.28	6.29%
Principal LifeTime 2055 Fund ¹	0.0081	0.5563	0.5644	\$13.22	4.27%
Principal LifeTime 2060 Fund ¹	0.0106	0.4947	0.5053	\$13.79	3.66%

Fund	Short-term capital gain (per share)	Long-term capital gain (per share)	Total capital gain distribution (per share)	10/31/2018 NAV ¹	Distribution as a percent of NAV
Principal LifeTime 2065 Fund ¹	0.1020	0.0464	0.1484	\$10.25	1.45%
Principal LifeTime Hybrid 2015 Fund ¹	0.0000	0.0895	0.0895	\$10.65	0.84%
Principal LifeTime Hybrid 2020 Fund ¹	0.0052	0.1626	0.1678	\$10.88	1.54%
Principal LifeTime Hybrid 2025 Fund ¹	0.0000	0.1528	0.1528	\$11.12	1.37%
Principal LifeTime Hybrid 2030 Fund ¹	0.0000	0.1920	0.1920	\$11.27	1.70%
Principal LifeTime Hybrid 2035 Fund ¹	0.0032	0.2255	0.2287	\$11.51	1.99%
Principal LifeTime Hybrid 2040 Fund ¹	0.0013	0.2662	0.2675	\$11.62	2.30%
Principal LifeTime Hybrid 2045 Fund ¹	0.0040	0.2678	0.2718	\$11.74	2.32%
Principal LifeTime Hybrid 2050 Fund ¹	0.0010	0.2666	0.2676	\$11.79	2.27%
Principal LifeTime Hybrid 2055 Fund ¹	0.0009	0.2507	0.2516	\$11.93	2.11%
Principal LifeTime Hybrid 2060 Fund ¹	0.0032	0.1622	0.1654	\$11.94	1.39%
Principal LifeTime Hybrid 2065 Fund ¹	0.0022	0.0036	0.0058	\$10.22	0.06%
Principal LifeTime Hybrid Income Fund ¹	0.0000	0.0658	0.0658	\$10.17	0.65%
Principal LifeTime Strategic Income Fund	0.0048	0.5511	0.5559	\$12.19	4.56%
Real Estate Securities Fund	0.0141	0.2733	0.2874	\$23.20	1.24%
SAM Balanced Portfolio	0.0214	1.1891	1.2105	\$15.50	7.81%
SAM Conservative Balanced Portfolio	0.0015	0.6009	0.6024	\$11.86	5.08%
SAM Conservative Growth Portfolio	0.0155	2.0114	2.0269	\$17.76	11.41%
SAM Flexible Income Portfolio	0.0175	0.4951	0.5126	\$12.08	4.24%
SAM Strategic Growth Portfolio	0.0347	3.1825	3.2172	\$19.81	16.24%
SmallCap Fund	0.6575	2.4073	3.0648	\$22.60	13.56%
SmallCap Growth Fund I ¹	0.3283	1.9191	2.2474	\$14.29	15.73%
SmallCap S&P 600 Index Fund ¹	0.0791	3.0867	3.1658	\$27.68	11.44%
SmallCap Value Fund II	0.2584	1.8042	2.0626	\$11.96	17.25%
Small-MidCap Dividend Income Fund ³	0.0663	2.0525	2.1188	\$15.89	13.33%
SystematEx International Fund ¹	0.0194	1.7493	1.7687	\$11.16	15.85%

Capital Gains (if any) are scheduled to be paid in December 2018, except as noted. These estimates do not include all tax adjustments which can materially increase or decrease the capital gain amounts to be paid. These estimates do not reflect the full measurement period through October 31, 2018. Portfolio trading between now and October 31, 2018 may increase or decrease the capital gain amounts to be paid. Finally capital gains are paid on a per-share basis, fluctuations in the number of shares outstanding could increase or decrease the per share amounts.

¹ All funds show A-share NAVs except those noted which show I-share NAVs.

² Effective June 14, 2013, the Principal MidCap Fund closed to certain new investors. Please see the prospectus for more complete information.

³ Effective December 1, 2016, the Principal Small-MidCap Dividend Income Fund closed to certain new investors. Please see the prospectus for more complete information.

Carefully consider a fund's objectives, risks, charges, and expenses. Contact your financial professional or visit principalfunds.com for a prospectus, or summary prospectus if available, containing this and other information. Please read it carefully before investing.

Investing involves risk, including possible loss of principal. Principal Funds are distributed by Principal Funds Distributor, Inc.

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