



Notification of Source of Distributions

Pursuant to Rule 19a-1 of the Investment Company Act of 1940

As noted in the table provided below, certain of the Principal Funds made distributions for the month of December 2018 for which a portion is estimated to be in excess of the fund's current and accumulated net income. As of December 31, 2018, the estimated sources of these distributions were as follows:

December 2018			
Fund	Net Income	Realized Gain	Capital Sources
Blue Chip Fund	0.00%	100.00%	0.00%
Bond Market Index Fund	99.92	0.00	0.08
Diversified International Fund	60.14	0.00	39.86
Diversified Real Asset Fund	82.07	0.00	17.93
Finisterre Unconstrained Emerging Markets Bond Fund	81.93	0.00	18.07
Global Diversified Income Fund	0.00	0.00	100.00
Global Opportunities Fund	93.81	6.19	0.00
Global Real Estate Securities Fund	46.01	16.78	37.21
Government & High Quality Bond Fund	0.00	0.00	100.00
High Yield Fund	27.13	0.00	72.87
High Yield Fund I	98.48	0.00	1.52
Income Fund	0.00	0.00	100.00
Inflation Protection Fund	94.17	0.00	5.83
International Emerging Markets Fund	59.26	0.00	40.74
International Equity Index Fund	77.46	0.00	22.54
International Fund I	92.45	0.00	7.55
International Small Company Fund	4.58	0.00	95.42
LargeCap Growth Fund	0.00	100.00	0.00
LargeCap Value Fund III	99.26	0.74	0.00
MidCap Growth Fund III	0.00	100.00	0.00
MidCap Value Fund III	86.01	0.00	13.99
Multi-Manager Equity Long/Short Fund	0.00	0.00	100.00
Overseas Fund	94.87	0.00	5.13
Principal LifeTime 2010 Fund	99.67	0.33	0.00
Principal LifeTime 2015 Fund	99.58	0.42	0.00
Principal LifeTime 2020 Fund	99.56	0.44	0.00
Principal LifeTime 2025 Fund	99.50	0.50	0.00
Principal LifeTime 2030 Fund	99.38	0.62	0.00
Principal LifeTime 2035 Fund	99.02	0.98	0.00
Principal LifeTime 2040 Fund	99.04	0.96	0.00
Principal LifeTime 2045 Fund	99.00	1.00	0.00
Principal LifeTime 2050 Fund	99.02	0.98	0.00
Principal LifeTime 2055 Fund	99.02	0.98	0.00
Principal LifeTime 2060 Fund	99.03	0.97	0.00
Principal LifeTime 2065 Fund	98.05	1.95	0.00
Principal LifeTime Hybrid 2015 Fund	98.74	1.26	0.00
Principal LifeTime Hybrid 2020 Fund	98.61	1.39	0.00
Principal LifeTime Hybrid 2025 Fund	98.51	1.49	0.00
Principal LifeTime Hybrid 2030 Fund	98.45	1.55	0.00
Principal LifeTime Hybrid 2035 Fund	98.05	1.95	0.00
Principal LifeTime Hybrid 2040 Fund	98.07	1.93	0.00

Principal LifeTime Hybrid 2045 Fund	98.08	1.92	0.00
Principal LifeTime Hybrid 2050 Fund	98.09	1.91	0.00
Principal LifeTime Hybrid 2055 Fund	98.08	1.92	0.00
Principal LifeTime Hybrid 2060 Fund	93.83	6.17	0.00
Principal LifeTime Hybrid 2065 Fund	98.03	0.00	1.97
Principal LifeTime Hybrid Income Fund	98.79	1.21	0.00
Principal LifeTime Strategic Income Fund	99.68	0.32	0.00
SAM Balanced Portfolio	99.01	0.99	0.00
SAM Conservative Balanced Portfolio	99.43	0.57	0.00
SAM Conservative Growth Portfolio	99.05	0.95	0.00
SAM Flexible Income Portfolio	96.88	0.00	3.12
SAM Strategic Growth Portfolio	99.04	0.96	0.00
SmallCap Value Fund II	84.63	0.00	15.37
SystematEx International Fund	77.98	22.02	0.00
SystematEx Large Value Fund	99.67	0.00	0.33

The ultimate composition of these distributions may vary from the estimates provided above due to a variety of factors including future income and expenses, and realized gains and losses from the purchase and sale of securities.

Please note that this information is being provided to satisfy certain notice requirements under the Investment Company Act of 1940. Tax reporting information for shareholders of the funds will not be available until the end of the funds' fiscal year.

As a result, shareholders should not use the information provided in this notice for tax reporting purposes.

This material is not authorized for distribution unless preceded or accompanied by a current prospectus that includes more information regarding the risk factors, expenses, policies, and objectives of the investment. Contact your financial professional or call 800-222-5852 to obtain another copy of the prospectus. Read the prospectus carefully before investing.

A mutual fund's share price and investment return will vary with market conditions, and the principal value of an investment when you sell your shares may be more or less than the original cost.

Principal Funds are distributed by Principal Funds Distributor, Inc.