



November 2nd, 2016
Principal Funds
Back-Office Communication

Announcement: The Board recently approved the soft close of the Principal Small-MidCap Dividend Income Fund effective December 1st, 2016. The affected CUSIPs and tickers are referenced below.

<i>Principal Funds Details</i>					
Principal Funds	Last Date To Open A New Account	Share Class	Ticker	Fund Code	CUSIP
PFI Small-MidCap Dividend Income Fund	12/01/2016	A	PMDAX	4126	74255L753
PFI Small-MidCap Dividend Income Fund	12/01/2016	C	PMDDX	4426	74255L613
PFI Small-MidCap Dividend Income Fund	12/01/2016	P	PMDPX	4326	74255L746
PFI Small-MidCap Dividend Income Fund	12/01/2016	I	PMDIX	4903	74255L738

Actions: Retail Investors (i.e., non-employer sponsored retirement plan investors) who own shares of the Principal Small-MidCap Dividend Income Explorer Fund as of December 1st, 2016 may continue to make purchases and exchanges in existing accounts. Shareholders who do not own shares of the Fund as of December 1st, 2016 will not be able to make purchases and exchanges into the Fund.

See below for certain exceptions and related details:

- Retail shareholders, including those in omnibus accounts, who own shares of the Fund as of December 1st, 2016 may continue to make purchases, exchanges, and reinvest dividend or capital gains into existing accounts.
- Registered Investment Advisor (RIA) and bank trust firms that have an investment allocation to the Small-MidCap Dividend Income Fund in a fee-based, wrap or advisory account, may add new clients, or purchase shares in the Small-MidCap Dividend Income Fund.

- Shareholders through accounts at private banks may continue to purchase and exchange into the Small-MidCap Dividend Income Fund.
- Private banks that currently have an investment allocation to the Small-MidCap Dividend income strategy may add new clients to the Fund.
- Shareholders in broker/dealer wrap or fee-based programs that have an investment allocation to the Small-MidCap Dividend Income Fund may continue to purchase shares and exchange into the Fund.
- Existing broker/dealer wrap or fee-based programs may add new clients.
- Investors who open a new IRA transfer or rollover account by December 1st, 2016, will have until January 6th, 2017, to fund these accounts and use the Small-MidCap Dividend Income Fund.
- Investors who have a direct investment in a Small-MidCap Dividend Income strategy may, subject to the approval of the Distributor, purchase shares in the Fund.
- Shareholders within brokerage accounts may continue to purchase shares of the Small-MidCap Dividend Income Fund; however, new brokerage accounts will not be permitted to begin investing in the Fund after December 1st, 2016.

Employer-sponsored retirement plan investors will soft close January 6th, 2016. The Small-MidCap Dividend Income Fund will no longer be available for purchase from new retirement investors except in the following circumstances:

- Shareholders in certain types of retirement plans (including 401(k)s, SEPs, SIMPLEs, 403(b)s, etc.) may continue to purchase shares and exchange into the Fund. New participants in these same plans may elect to purchase shares of the Fund as long as the balance in the Fund stays above zero.
- Retirement plans in transition as of the closure date will have until January 6th, 2017 to fund any new accounts in the Fund.
- 529 plans that include the Small-MidCap Dividend Income Fund within their investment options may continue to purchase shares and exchange into the Small-MidCap Dividend Income Fund.

For questions, please contact: gmpfdbsupport@principalfunds.com

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