

Supplementary Tax Information for Preparing your 2016 Tax Returns

The enclosed supplementary information contains important data to assist you in completing your 2016 tax returns. If you require further information about your PNC Funds account, please call Shareholder Services at 800-622- FUND (3863).

Because tax laws vary among cities and states, you should consult your tax advisor about specific rules in the state(s) in which you pay income taxes. This information is also available online at pncfunds.com.

INFORMATION ENCLOSED:

Exclusions from Earned Income

Intangibles Taxes

Foreign Taxes Paid

Capital Gains Information

Cost Basis Information

Qualified Dividends Information

Tax Exempt Income Earned by State and Alternative Minimum Tax

You should consider the investment objectives, risks, charges, and expenses of PNC Funds carefully before investing. A prospectus or summary prospectus with this and other information may be obtained at 800-622-FUND (3863) or pncfunds.com. The prospectus should be read carefully before investing.

NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

PNC Capital Advisors, LLC (PCA), a subsidiary of The PNC Financial Services Group, Inc., serves as investment adviser and co-administrator to PNC Funds and receives fees for its services. PNC Funds are distributed by PNC Funds Distributor, LLC, which is not affiliated with the adviser and is not a bank.

For some investors, income may be subject to state and/or local taxes, and certain investors may be subject to the federal alternative minimum tax (AMT).

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IMPORTANT STATE TAX INFORMATION

Income from U.S. government obligations

Income earned from United States government obligations and government agencies is generally exempt from state and local income tax. The chart below breaks out the total income derived from government and agency securities. Please check with your state or local tax office or your tax advisor to determine whether your state or local municipality allows you to exclude some or all of the income you earn from mutual funds that invest in these securities. *If you are eligible for this exclusion, multiply the appropriate income percentage listed in the columns of the chart below by the amount in box 1a of your 2016 Form 1099-DIV to determine the amount of exempt interest.*

Fund Name	% of Income From Direct U.S. Government Obligations	% of Income From U.S. Government Agency Obligations	% of Income From Other Agency Obligations ¹	% of Assets Held In Direct U.S. Government Obligations ²
International Equity Fund	0.00%	0.00%	0.00%	0.00%
International Growth Fund	0.02%	0.03%	0.01%	0.00%
Large Cap Core Fund ³	0.01%	0.01%	0.00%	0.00%
Large Cap Growth Fund ³	0.01%	0.01%	0.00%	0.00%
Large Cap Value Fund ³	0.02%	0.01%	0.00%	0.00%
Mid Cap Fund ⁴	0.00%	0.00%	0.00%	0.00%
S&P 500 Index Fund	0.01%	0.00%	0.00%	0.00%
Small Cap Fund	0.00%	0.00%	0.00%	0.00%
Multi-Factor Small Cap Value	0.01%	0.00%	0.00%	0.00%
Multi-Factor Small Cap Growth Fund	0.00%	0.00%	0.00%	0.00%
Multi-Factor Small Cap Core Fund	0.02%	0.02%	0.00%	0.00%
Mid Cap Index Fund ⁵	0.02%	0.01%	0.00%	0.00%
Small Cap Index Fund ⁵	0.02%	0.01%	0.00%	0.00%
Balanced Allocation Fund	6.60%	0.01%	10.39%	7.69%
Bond Fund	16.47%	0.01%	30.90%	24.86%
Government Mortgage Fund	2.07%	0.01%	83.60%	3.47%
High Yield Bond Fund	0.01%	0.00%	0.00%	0.00%
Intermediate Bond Fund	26.82%	0.01%	4.15%	31.05%
Limited Maturity Bond Fund	22.98%	0.01%	6.87%	31.96%
Total Return Advantage Fund	13.21%	0.00%	26.80%	24.84%
Ultra Short Bond Fund	25.58%	0.02%	2.65%	31.82%
Intermediate Tax-Exempt Bond Fund	0.00%	0.00%	0.00%	0.00%
Ohio Intermediate Tax Exempt Bond Fund	0.00%	0.00%	0.00%	0.00%
Tax Exempt Limited Maturity Bond Fund	0.00%	0.00%	0.00%	0.00%
Maryland Tax Exempt Bond Fund	0.00%	0.00%	0.00%	0.00%
Government Money Market Fund ⁶	13.04%	45.78%	7.03%	14.28%
Money Market Fund ^{6,7}	8.47%	10.62%	1.88%	31.18%
Treasury Money Market Fund ⁶	100.00%	0.00%	0.00%	100.00%
Tax Exempt Money Market Fund ^{6,8}	0.00%	0.00%	0.00%	0.00%
Advantage Institutional Money Market Fund ^{6,7}	7.07%	9.47%	1.56%	29.78%
Advantage Institutional Treasury Money Market Fund ⁶	53.59%	0.00%	0.00%	49.76%
Retirement Income Fund	29.45%	0.12%	12.78%	12.80%
Target 2020 Fund	22.32%	0.06%	10.17%	9.63%
Target 2030 Fund	10.80%	0.04%	7.43%	5.18%
Target 2040 Fund	2.73%	0.04%	5.00%	2.48%
Target 2050 Fund	1.34%	0.03%	2.43%	1.54%

Intangibles Tax

Some states may impose an intangibles tax on the taxable net asset value of shares held or gross earnings. Please consult your tax advisor regarding varying requirements by state.

Due to certain statutory limitations, shareholders of these funds who are residents of California, Connecticut or New York may not be permitted to exclude the portion of ordinary income that represents direct U.S. government obligations from their state income taxes. Please consult your tax advisor.

¹ Represents income from Federal National Mortgage Association and Government National Mortgage Association obligations.

² For those shareholders who may be required to pay an intangible or personal-property tax, the last column indicates the percentage of assets held in Direct U.S. Government Obligations as of December 31, 2016.

³ On March 31, 2017, PNC Large Cap Core Fund became PNC Multi-Factor All Cap Fund. The Fund's strategy and risks changed as the Fund will now pursue a multi-factor approach and will no longer have a policy to invest 80% of its net assets plus any borrowings for investment purposes in equity securities issued by large-cap companies. On March 31, 2017, PNC Large Cap Growth Fund became PNC Multi-Factor Large Cap Growth Fund. Also on this date, PNC Large Cap Value Fund became PNC Multi-Factor Large Cap Value Fund. The Funds' strategies and risks changed as the Funds will now pursue a multi-factor approach. Please see the prospectus for additional information.

⁴ Effective October 31, 2016, PNC Mid Cap Fund was liquidated.

⁵ Effective December 30, 2016, PNC Mid Cap Index Fund and PNC Small Cap Index Fund were liquidated.

⁶ You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time. The dividend yield paid by each Fund will vary with changes in short-term interest rates.

⁷ Effective May 25, 2016, PNC Money Market Fund and PNC Advantage Institutional Money Market Fund were liquidated.

⁸ Effective June 8, 2016, PNC Tax Exempt Money Market was liquidated.

FOREIGN TAX CREDIT

The International Equity Fund and the International Growth Fund have paid foreign taxes and have passed them through to shareholders. Accordingly, shareholders are entitled to claim a foreign tax credit or take an itemized deduction on their federal income tax returns for their share of the taxes indicated on box 6 of your 2016 Form 1099-DIV. Additional details regarding foreign source income may be found on the PNC Funds website [here](#).

2016 CAPITAL GAIN REPORTING

The tax rates that apply to a net capital gain are generally lower than the tax rates that apply to other income. If your fund has any capital gains, it will be reflected on your 2016 1099-DIV in box 2a. Please refer to the Form 1040 instructions or consult your tax advisor to find out if this applies to you.

Long-term capital gains are gains on securities that were held by the fund for more than 12 months and are taxed at only 20% for shareholders whose federal tax bracket is 39.6% or higher, 15% for shareholders whose federal tax bracket is 25% or higher, or 0% for those in a lower tax bracket. Short-term capital gains are gains on securities that were held for one year or less. These gains are taxed as ordinary income (i.e., the same as wages, interest and dividend income) at the taxpayer's appropriate marginal tax rate.

COST BASIS INFORMATION

If you sold shares from a cost basis eligible account held in a non-money market mutual fund in 2016, you will receive IRS Form 1099-B in early 2017. This form may contain information reported to you, the shareholder, the IRS, or both, and should be used to assist you in filing your tax return.

2016 QUALIFIED DIVIDENDS INFORMATION

Ordinary Dividends you have received in 2016 may also classify as Qualified Dividends. The amount of your Qualified Dividends will be shown in box 1b of your 2016 Form 1099-DIV. Qualified Dividends are also taxed at lower rates. They are taxed at the 0%, 15% or 20% tax rate that applies to capital gains.

QUALIFIED DIVIDEND INCOME 2016

Portfolio Name	% of Qualified Dividends
Balanced Allocation Fund	60.83%
S&P 500 Index Fund	100.00%
Large Cap Core Fund ³	100.00%
Large Cap Value Fund ³	100.00%
Large Cap Growth Fund ³	100.00%
Multi-Factor Small Cap Value Fund	71.30%
Multi-Factor Small Cap Core Fund	100.00%
Mid Cap Index Fund ⁴	89.44%
Small Cap Index Fund ⁴	78.64%
International Equity Fund	100.00%
International Growth Fund	100.00%
Retirement Income Fund	31.00%
Target 2020 Fund	33.02%
Target 2030 Fund	49.13%
Target 2040 Fund	76.34%
Target 2050 Fund	70.08%

Additional federal tax information with regard to mutual fund distributions can be found in IRS Publication 564 for 2016 and on the IRS website, www.irs.gov.

TAX EXEMPT FUNDS

IMPORTANT INFORMATION REGARDING YOUR TAX EXEMPT INVESTMENTS

Federal Tax Treatment of Exempt-Interest Dividends

Federal tax law allows dividends from mutual funds investing in municipal obligations to be considered tax-exempt dividends. These dividends are paid from tax-exempt 2016 interest earned by the Fund. While the tax-exempt-interest dividends keep their tax-exempt character, they are reported on your Form 1099-DIV (for tax-exempt interest). Under federal information reporting requirements, you generally need to report them on your income tax return, if you are required to file one. Form 1099-DIV box 2a represents taxable capital gains distributions. The amount reported on your 2016 Form 1099-DIV must be included in your tax return.

State and Local Tax Treatment

Some federal tax exempt dividends may also be exempt from state and local taxes, depending upon where you file your return. Listed below are the percentages of income by state and by Fund. As state and local tax regulations vary from state to state, not all states permit such exclusions or may require other restrictions. Please consult your tax advisor concerning the application of this information. If the tax law of your state provides for the exemption, multiply the amount in box 10 of Form 1099-DIV by the appropriate percentage below. This amount can be excluded and the remaining balance should be reported on your state return.

STATE	MONEY MARKET FUNDS TAX EXEMPT	TAX EXEMPT BOND FUNDS			
		OHIO INTERMEDIATE TAX EXEMPT BOND	INTERMEDIATE TAX EXEMPT BOND	MARYLAND TAX EXEMPT BOND	TAX EXEMPT LIMITED MATURITY BOND
ALABAMA	0.00%	0.00%	0.00%	0.00%	0.00%
ALASKA	0.91%	0.00%	3.93%	0.00%	2.47%
ARIZONA	0.00%	0.00%	2.50%	0.00%	4.03%
ARKANSAS	0.00%	0.00%	0.00%	0.00%	0.00%
CALIFORNIA	3.46%	0.00%	3.89%	0.00%	4.80%
COLORADO	0.00%	0.00%	0.00%	0.00%	0.00%
CONNECTICUT	0.26%	0.00%	3.34%	0.00%	0.00%
DELAWARE	0.00%	0.00%	0.00%	0.00%	0.00%
DISTRICT OF COLUMBIA	4.79%	0.00%	0.00%	0.35%	1.51%
FLORIDA	3.74%	0.00%	13.92%	0.00%	11.65%
GEORGIA	0.00%	0.00%	2.23%	0.00%	0.00%
HAWAII	0.00%	0.00%	0.00%	0.00%	0.00%
IDAHO	0.00%	0.00%	0.00%	0.00%	0.00%
ILLINOIS	1.62%	0.00%	7.44%	0.00%	12.37%
INDIANA	0.45%	0.00%	8.18%	0.00%	4.30%
IOWA	4.17%	0.00%	0.00%	0.00%	0.43%
KANSAS	0.00%	0.00%	1.85%	0.00%	1.61%
KENTUCKY	0.75%	0.00%	0.09%	0.00%	2.45%
LOUISIANA	2.04%	0.00%	7.33%	0.00%	2.21%
MAINE	0.00%	0.00%	0.00%	0.00%	0.00%
MARYLAND	2.58%	0.00%	0.00%	90.94%	1.78%
MASSACHUSETTS	6.32%	0.00%	10.55%	0.00%	2.28%
MICHIGAN	0.97%	0.00%	2.79%	0.00%	3.23%
MINNESOTA	0.78%	0.00%	0.00%	0.00%	0.27%
MISSISSIPPI	2.17%	0.00%	0.08%	0.00%	0.12%
MISSOURI	3.09%	0.00%	4.11%	0.00%	4.29%
MONTANA	0.00%	0.00%	0.00%	0.00%	0.00%
NEBRASKA	0.00%	0.00%	0.00%	0.00%	0.00%
NEVADA	0.00%	0.00%	0.00%	0.00%	1.94%
NEW HAMPSHIRE	0.00%	0.00%	0.00%	0.00%	0.00%
NEW JERSEY	2.13%	0.00%	1.61%	0.00%	1.31%
NEW MEXICO	0.00%	0.00%	0.00%	0.00%	0.00%
NEW YORK	10.91%	0.00%	4.46%	0.00%	4.72%
NORTH CAROLINA	1.21%	0.00%	2.46%	0.00%	2.64%
NORTH DAKOTA	0.00%	0.00%	0.00%	0.00%	0.00%
OHIO	11.49%	95.08%	2.50%	0.00%	2.74%
OKLAHOMA	0.00%	0.00%	1.30%	0.00%	0.00%
OREGON	3.03%	0.00%	0.00%	0.00%	0.00%
PENNSYLVANIA	14.04%	0.00%	7.17%	0.00%	9.18%
RHODE ISLAND	0.00%	0.00%	0.00%	0.00%	0.00%
SOUTH CAROLINA	0.00%	0.00%	0.00%	0.00%	0.00%
SOUTH DAKOTA	0.00%	0.00%	0.00%	0.00%	0.00%
TENNESSEE	0.00%	0.00%	0.00%	0.00%	0.96%
TEXAS	13.01%	0.00%	5.47%	0.00%	6.97%
UTAH	3.11%	0.00%	0.00%	0.00%	2.12%
VERMONT	0.00%	0.00%	0.00%	0.00%	0.00%
VIRGINIA	2.97%	0.00%	0.00%	0.00%	0.76%
WASHINGTON	0.00%	0.00%	0.00%	0.00%	4.99%
WEST VIRGINIA	0.00%	0.00%	0.00%	0.00%	0.00%
WISCONSIN	0.00%	0.00%	0.00%	0.00%	0.00%
WYOMING	0.00%	0.00%	0.00%	0.00%	0.00%
U.S. TERRITORIES & OTHERS	0.00%	4.92%	2.80%	8.71%	1.87%
Alternative Minimum Tax ⁹	0.00%	0.00%	0.00%	0.00%	0.00%

⁹ If you are preparing IRS Form 6251 to determine if you are subject to Alternative Minimum Tax, the percentage above should be applied to the ordinary income distributions reflected in your year-end account statement when calculating the adjustment necessary on IRS Form 6251.