

# PFI INVESTMENT MANAGEMENT, LLC

PERFORMANCE MEASUREMENT – GLOBAL INVESTMENT PERFORMANCE STANDARDS

## Appendix B – Annual Disclosure Presentations

### PRINCIPAL FONDOS DE INVERSION, S.A. DE C.V. OPERADORA DE FONDOS DE INVERSION PRINCIPAL GRUPO FINANCIERO MODERATE TARGET-RISK FUND COMPOSITE ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (Mexican Pesos) (millions)	Composite Assets (Mexican Pesos) (millions)	Number of Accounts	Annual Performance Results Composite		Benchmark Index	Composite 3Yr St Dev	Benchmark 3 Yr St Dev
				Gross	Net			
2016	24,087	1,637	1	15.45%	13.43%	17.02%	4.37%	5.28%
2015	22,063	1,249	1	7.63%	5.63%	6.41%	3.93%	4.74%
2014	17,621	674	1	11.66%	9.59%	9.34%	3.45%	3.71%
2013	10,058	324	1	9.86%	7.75%	7.53%	4.30%	4.59%
2012	9,482	248	1	11.13%	8.82%	11.89%	N.A.1	N.A.1
2011	7,442	147	1	6.55%	4.25%	6.86%	N.A.1	N.A.1
2010*	7,378	135	1	3.09%	2.91%	2.19%	N.A.1	N.A.1

\* Performance shown for 2010 is from November 30, 2010 through December 31, 2010.

N.A.<sup>1</sup> – The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The three-year annualized standard deviation is not presented for 2010 through 2012 due to less than 36 months of composite and benchmark data.

***The Moderate Target-Risk Fund Composite*** includes portfolios that invest in a mix of fixed income securities and equity. (The maximum investment in equity is +65 %.) The portfolios seek to invest its assets in a balance between fixed income and equity, investing in foreign and local funds managed by Principal and ETF's. The portfolios belong to Lifecycle Funds with moderate Target Risk.

For comparison purposes, the composite is compared to the PiP-Fix10A 7%, PiP-Real10A 7%, PiPCetes-28d 18%, PiPG-Real5A 2%, IPC 15%, BofA Merrill Lynch Global High Yield Index 14%, FTSE EPRA/ NAREIT Developed 2%, MSCI World Net Total Return 25% and MSCI Emerging Markets 10%.

**PiP-Fix10A** Index simulates a fund that invests all its assets in securities with nominal rate or fixed nominal coupon of the Mexican market that have a term to maturity between 1,882 and 3,640 days. It includes Cetes and fixed rate Bonds with this term to maturity, **PIPG-Real10A** Index simulates a fund that invests all its assets in securities with real rate of the Mexican market that have a term to maturity between 2,021 and 3,640 days (5.6 to 10 years). It includes Udibonos, Pic's and CBIC's with this term to maturity; the Index is available on the website, **PiPCetes-28d** Index invest all its assets in one security Cetes 28 days (27 or 29 when there are non-business days), **PiPG-Real5A** index simulates a fund that invest all its assets in real rate securities, Udibonos, Pic's and CBIC'S with a term to maturity between 1,094 and 2020 days(3 and 5.6 years). This four Indexes are available on the website <https://www.piplatam.com>. **IPC** (Índice de Precios y Cotizaciones) the Prices and Quotations Index (IPC) is the main indicator of the Mexican Stock Exchange, it expresses the yield of the stock market based on the prices variations of a balanced, weighted and representative group of stocks of the ones that are listed in the Stock Exchange. The **BofA Merrill Lynch Global High Yield Index** tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets. The **FTSE EPRA/NAREIT Developed** Index incorporates Real Estate Investment Trusts (REITs) and Real Estate Holding & Development companies. The **MSCI World Net Total Return Index** is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed markets. The **MSCI Emerging Markets** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

Old Benchmarks changed since January 2013 in order to be more representative than older one. Instead of using PiP-Fix10A 7%, PiP-Real 10A 7%, PIFHYAC 14%, PRINRIVA 15% PIFGPSU 2%, PIFGEIA 25%, PIFEMIA 10% and PRINAMAS 20%, it was chosen PiP-Fix10A 7%, PiP-Real10A 7%, PiPCetes-28d 18%, PiPG-Real5A 2%, IPC 15%,

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*Bofa Merrill Lynch Global High Yield Index 14%, FTSE EPRA/ NAREIT Developed 2%, MSCI World Net Total Return 25%, MSCI Emerging Markets 10% which investment objective is more appropriate and representative to the investment strategy of this Composite.*

*The Moderate Target-Risk Fund Composite Creation Date was November, 2010. (The rebalancing of the benchmark is annual) The minimum account size for this composite is 130 million Mexican Pesos*

For the purpose of complying with GIPS, Principal Fondos de Inversión, S.A. de C.V. Operadora de Fondos de Inversión Principal Grupo Financiero defines itself as an independent operating division of Principal Financial Group with operations specific to Mexico.

“Principal Fondos de Inversión, S.A. de C.V. Operadora de Fondos de Inversión Principal Grupo Financiero claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Principal Fondos de Inversión, S.A. de C.V. Operadora de Fondos de Inversión Principal Grupo Financiero has been independently verified for the periods 1 January 2003 through 31 December 2016. The verification report(s) is/are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.”

A list of composites descriptions is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The Mexican Peso is the currency used to express performance. Returns are presented gross and net of actual management fees incurred in the management of the portfolios.

The composite does not have sufficient portfolios for any period to present a meaningful measure of dispersion.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The management fee schedule varies depending upon type and amount of assets managed. As an example for individuals the fee schedule is an Annual Fee of 2.90%. Actual investment advisory fees incurred by clients may vary.