

## DFS GIF – AMERICAN EQUITY VALUE - DESJARDINS

### QUARTERLY COMMENTARY AS OF DECEMBER 31, 2017

<b>PERFORMANCE</b>	<b>3 months</b>
<b>Series 6</b>	<b>5.77</b>
<b>Series 7</b>	<b>5.81</b>

**Portfolio Manager:** Desjardins Funds

**Sub-advisor:** Wellington Management Company

**Inception Date:** February 24, 2014

#### CONTRIBUTORS TO PERFORMANCE

- Stock selection in the information technology sector was a top contributor to performance.
- Positive security selection in information technology was driven by Intel, Microsoft, and Qualcomm.
- Within consumer discretionary, L Brands and Lowe's were among the top relative contributors during the period.
- Sector allocation was a contributor. In particular, our underweight to telecommunications aided performance.

#### DETRACTORS FROM PERFORMANCE

- The underperformance in security selection was driven mostly by poor stock performance in health care. Weakness in Merck, Bristol Myers, and Allergan stocks were the primary drivers of underperformance.
- Stock selection in materials also detracted. Underperformance in materials was primarily driven by weakness in Ball Corp and CRH.

#### MAJOR CHANGES TO PORTFOLIO

- Our overweighting in the energy sector was reduced due to trims of Anadarko and the elimination of Schlumberger, somewhat offset by additions to Hess and Halliburton. While we still see positive risk/rewards within energy, given the rebound in oil prices the risk/rewards are a bit less compelling. Schlumberger was sold in favor of Halliburton due to Schlumberger leverage to offshore drilling versus Halliburton's leverage to US oil, which we believe to be a superior opportunity versus offshore.
- Our sector overweighting in industrials and basic materials was also reduced due to outperformance and less attractive risk/rewards in names like Methanex, PPG Industries, and Ametek.

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