

FOR REPRESENTATIVES ONLY

## DFS GIF – CANADIAN BALANCED – FRANKLIN BISSETT

### QUARTERLY COMMENTARY AS OF DECEMBER 31, 2017

PERFORMANCE	3 months
Series 6	2.53
Series 7	2.66

**Portfolio Manager:** Bissett Investment Management

**Inception Date:** February 24, 2014

#### CONTRIBUTORS TO PERFORMANCE

- The Fund's return was driven by strong absolute returns from US equities (return of 7.6% on a weight of 11%) and Canadian smaller-capitalization equities (return of 4.9% on a weight of 11.3%).
- Canadian larger-capitalization equities were up 2.9% on a weight of 31.4% while international equities were up 2.7% on a weight of 11.1%.
- Canadian fixed income returns were positive, reversing last quarter's negative returns (return of 2.3% on a weight of 30.6).
- Relative returns were driven by positive contributions from being underweight Canadian fixed income (where returns were lower) and positive selection within Canadian fixed income.

#### DETRACTORS FROM PERFORMANCE

- Weak selection from Canadian larger-capitalization and international equities.

#### MAJOR CHANGES TO PORTFOLIO

- As of December 31, 2017, the asset mix was 61% in equity funds and 39% in fixed income funds and cash. Despite some modest asset mix changes over the course of the year, the allocation ended the year where it began.
- We continue to believe there is greater longer-term return potential for equities relative to fixed income, although this view has been tempered by the meaningful outperformance of equities versus fixed income over the last several years. In the equity fund allocation of the Fund, we continue to observe greater risk-adjusted return potential for smaller-capitalization equities, and remain meaningfully overweight relative to the small cap portion of the blended benchmark.
- Fixed income allocation remains slightly defensive with regard to duration. We believe valuations are becoming stretched, and while we believe it remains prudent to allocate fixed income portfolios with an emphasis on credit where there is more yield, less duration, and more cushion against volatility, we maintain a slight preference for higher quality versus lower-quality assets.

The Contract and Information Folder contains important information on the Desjardins Financial Security Guaranteed Investment Funds Plan - Helios2 and the DFS Guaranteed Investment Funds. Please read it carefully before investing. Helios2 is a trademark owned by Desjardins Financial Security Life Assurance Company. DFS Guaranteed Investment Funds is a registered trademark owned by Desjardins Financial Security Life Assurance Company. DFS Guaranteed Investment Funds are established by Desjardins Financial Security Life Assurance Company.

DFS stands for Desjardins Financial Security.

<sup>TM</sup> Trademark owned by Desjardins Financial Security

Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.



**Desjardins**  
Insurance

LIFE • HEALTH • RETIREMENT