

FOR REPRESENTATIVES ONLY

DFS GIF – CANADIAN EQUITY – FIDELITY TRUE NORTH®

QUARTERLY COMMENTARY AS OF DECEMBER 31, 2017

PERFORMANCE	3 months
Series 6	2.90
Series 7	3.01

Portfolio Manager: Fidelity Investments Canada ULC

Inception Date: February 24, 2014

CONTRIBUTORS TO PERFORMANCE

- Investments in information technology and utilities

DETRACTORS FROM PERFORMANCE

- Investments and underweight positioning in financials
- Investments in health care
- Allocation to cash

MAJOR CHANGES TO PORTFOLIO

- At the end of the quarter, the Fund maintained its largest overweight exposures to the information technology and consumer staples sectors. The financials, energy, and materials sectors accounted for the Fund's largest underweight exposures. At the industry group level, the Fund's largest overweight exposures were to software & services and food & staples retailing companies. In contrast, banks and oil & gas storage & transportation stocks represented the largest underweight exposures.
- Portfolio manager Maxime Lemieux is constructive on equity markets despite some uncertainty about Canada's economic growth. He observes that in the near term, earnings growth has supported equity prices. He has been closely monitoring the credit environment in Canada, looking for indications of when the credit cycle may end. Globally, Max is cautious about the Chinese economy given the high level of corporate leverage and, consequently, the impact a macroeconomic shock could have on China's economy and on the rest of the world. He has positioned the portfolio to be higher quality and lower beta than the broader market to mitigate downside risk in the event of a market correction.

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