

FOR REPRESENTATIVES ONLY

DFS GIF – CANADIAN EQUITY – FRANKLIN BISSETT

QUARTERLY COMMENTARY AS OF DECEMBER 31, 2017

PERFORMANCE	3 months
Series 6	2.23
Series 7	2.36

Portfolio Manager: Bissett Investment Management

Inception Date: February 24, 2014

CONTRIBUTORS TO PERFORMANCE

- individual holdings in the Information Technology sector
- In Information Technology, Enghouse Systems (19.3%) was a positive contributor. Other notable contributors to performance in the fourth quarter included Canadian Imperial Bank of Commerce (13.4%) in Financials and Dollarama (15.1%) in Consumer Discretionary.

DETRACTORS FROM PERFORMANCE

- Negative security selection + interaction and sector allocation, most notably impacted by individual holdings in the Energy sector.
- In Energy, Crew Energy (-29.1%) was a detractor to relative performance. Other notable detractors included Restaurant Brands International (-2.7%) in Consumer Discretionary, Onex (-4.2%) in Financials, Metro (-5.8%) in Consumer Staples and Toromont Industries (-3.4%) in Industrials.
- From a sector allocation standpoint, the most notable detractor to performance was being underweight the outperforming Health Care sector.

MAJOR CHANGES TO PORTFOLIO

- Trading activity was once again uncharacteristically slow in the fourth quarter as there were few opportunities to rebalance during the quarter. There were, however, two new additions to the Fund as CGI Group and Sleep Country Canada were introduced during the fourth quarter, while Calfrac Well Services was eliminated.
- With ongoing dislocations presenting attractive opportunities in the Canadian equity market, we believe we will be able to continue to deliver on our long-term absolute, relative and risk-adjusted return objectives. The Fund has been actively managed through several market regimes of strong and weak sentiment and varying sources of market leadership. The Canadian equity market closed out 2017 at an all-time high, and while it continues to present attractive investment opportunities in certain sectors and individual circumstances, on the whole the strong advance naturally tempers our enthusiasm for go-forward absolute returns.

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