

FOR REPRESENTATIVES ONLY

DFS GIF – DIVIDEND INCOME – FRANKLIN BISSETT

QUARTERLY COMMENTARY AS OF DECEMBER 31, 2017

PERFORMANCE	3 months
Series 6	2.30
Series 7	2.60

Portfolio Manager: Bissett Investment Management

Inception Date: February 24, 2014

CONTRIBUTORS TO PERFORMANCE

- In Financials, the key contributor was the Fund's overweight position in Canadian Imperial Bank of Commerce (13.4%).
- Other notable contributors included Methanex (22.1%) and Agrium (9.5%) in Materials.
- Gains in Intel (22.7%), Microsoft (16.1%) and General Mills (16.3%).
- Fixed income and preferred shares contributed to the Fund's positive absolute return, but had no meaningful impact on relative performance for the period.

DETRACTORS FROM PERFORMANCE

- The Fund remained slightly overweight Canadian equities during the quarter, and the Fund's holdings in this category underperformed the S&P/TSX Composite Total Return Index.
- Security selection + interaction was most notably impacted by individual holdings in Energy, Enbridge Income Fund Holdings (-5.6%) Peyto Exploration & Development (-24.8%) and ARC Resources (-13.35%) were detractors.
- Other notable detractors included Brookfield Property Partners (-2.85%) in Real Estate, as well as not owning Canopy Growth Corporation (177.4%) in Health Care.
- Underperformance in certain holdings including General Electric (-26.7%), Merck (-10.8%) and Kinder Morgan (-4.6%).

MAJOR CHANGES TO PORTFOLIO

- Trading activity was steady in the fourth quarter as we were presented with a number of attractive rebalance opportunities. In Energy, we added to our holdings in ARC Resources and Keyera, while we trimmed our holdings in PrairieSky Royalty. In the Materials sector, we added to our position in Agrium at an attractive price and trimmed Methanex on strength. In Industrials, we trimmed our position in Russel Metals on a few occasions during the quarter on share price strength. In Financials, we trimmed our holdings in the Bank of Montreal, Canadian Imperial Bank of Canada and Royal Bank of Canada to manage the respective position weights in the Fund. In the US sleeve, we added to the position in General Electric.
- Also during the quarter, we initiated positions in telecommunications services provider BCE, food and pharmaceutical distributor Metro and global engineering and design firm WSP Global. We eliminated National Bank of Canada for more favourable opportunities elsewhere in the Fund.

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