

DFS GIF – INCOME – FIERA CAPITAL

QUARTERLY COMMENTARY AS OF DECEMBER 31, 2017

PERFORMANCE	3 months
Series 6	1.52
Series 7	1.68

Portfolio Manager: Fiera Capital

Inception Date: February 24, 2014

CONTRIBUTORS TO PERFORMANCE

- Curve
- Spreads

DETRACTORS FROM PERFORMANCE

- Duration

MAJOR CHANGES TO PORTFOLIO

- We kept the portfolio's duration shorter than that of the index. However, this strategy detracted from the portfolio's return because yields were down during the quarter.
- The slope between 2-year and 30-year bonds decreased by more than 40 basis points (bps). Our underweight allocation to 10-year bonds was beneficial to relative returns.
- Corporate yield spreads narrowed slightly and provincial spreads decreased by 3 bps. The yield spread between these two types of bonds has rarely been so low. We reinvested some of our maturing bank securities for 5-year terms. We continued to sell higher-risk securities, reinvesting the proceeds in more conservative sectors. Generally speaking, our exposure to provincial and corporate bonds contributed to the portfolio's return.

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