

Disnat GPS Quarterly Report

First Quarter 2018



April 6, 2018

Canadian Portfolio

During the first quarter of 2018, the Canadian Portfolio lost 3.51%. The benchmark index for this portfolio, the S&P/TSX60, declined by 4.61% over the same period. Our Canadian model portfolio therefore exceeded its benchmark by a margin of 1.10%.

During the quarter, we completed four transactions: we added to positions already held in Alimentation Couche-Tard, CN and Thompson-Reuters, and acquired a new position in Metro. At the end of the quarter, the cash position in the Canadian model portfolio represented approximately 3% of the total value, which was invested in 12 stocks and thus offered healthy diversification across various economic sectors.

This higher performance relative to the index during a negative quarter is mainly due to the positive performance of Canadian Tire and Magna International.

Since its launch in April 2008, the Canadian model portfolio has gained 7.79% while the benchmark for this portfolio (S&P/TSX60) rose by 4.24%. As a result, our Canadian portfolio exceeded its benchmark by a margin of 3.55% (annual compound return).

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US Portfolio

During the first quarter of 2018, the US Portfolio lost 0.46%. The benchmark for this portfolio, the S&P 500, declined 0.76% over the same period. Our US model portfolio therefore exceeded its benchmark by a margin of 0.30%.

During the quarter, we completed four transactions: we sold our positions in Exxon Mobil and Dollar General, and acquired new positions in TJX (Winners, Marshalls, etc.) and Alphabet (Google). At the end of the quarter, cash represented approximately 4% of the total value of this portfolio, which was invested in 12 stocks and thus offered healthy diversification across various economic sectors.

This higher relative performance than the index in a negative quarter was mainly due to a sharp rise in BlackRock, Microsoft and Nike stocks, all of which grew by over than 5%.

Since launching in July 2015, the US model portfolio has gained 10.89%. During the same time, the benchmark index of this portfolio (S&P 500) rose by 11.71%. As a result, our US portfolio underperformed its benchmark by 0.82% (annual compounded yield).

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International Portfolio

During the first quarter of 2018, the International Portfolio lost 3.01%. The benchmark index of this portfolio (MSCI-EAFE, US\$) fell by 1.41% during the same period. Our international model portfolio therefore underperformed its benchmark by a margin of 1.60%.

During the quarter, we completed four transactions: we added to our positions in ABB, Baidu, China Mobile and Fomento Economico de Mexico. At the end of the quarter, International model portfolio cash represented approximately 1% of the total value of this portfolio, which was invested in 12 stocks, thus offering healthy diversification across various economic sectors.

The lower relative performance during the quarter compared to the index is mainly due to a sharp decline in ABB (-11%), China Mobile (-9%) and HSBC (-7%).

Since its launch in April 2008, the International model portfolio has gained 4.52% while the benchmark index (MSCI-EAFE, US\$) rose by 5.11%. As a result, our international portfolio underperformed its benchmark by 0.59% (annual compounded yield).

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Exchange Traded Fund (ETF) Portfolio

During the first quarter of 2018, the Exchange Traded Fund (ETF) portfolio lost 0.84%. The benchmark index of this portfolio (50% Dow Jones US\$ and 50% MSCI-EAFE US\$) fell by 1.28% during the same period. Our ETF portfolio therefore exceeded its benchmark by a margin of 0.44%.

During the quarter, we completed one transaction: the acquisition of a new position in Horizon Action A.I., an ETF managed by Artificial Intelligence. At the end of the quarter, cash represented approximately 4% of the total value of the ETF portfolio, which was invested in 10 stocks and thus offered healthy diversification across various economic sectors.

This relative outperformance over the index in a negative quarter was primarily due to the positive performance of our positions in Nasdaq 100 iShares (XQQ-C) and the China Index iShares (XCH-C).

Since launching in January 2010, the ETF model portfolio has gained 6.26% while its benchmark index (50% Dow Jones US\$, 50% MSCI-EAFE US\$) increased by 8.63%. As a result, our ETF portfolio underperformed its benchmark by 2.37% (annual compound return).

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Canadian High Income Securities Portfolio

During the first quarter of 2018, the Canadian High Income Securities portfolio lost 3.02% while its benchmark index (90% Dow Jones Canada Select Dividend Index and 10% S&P/TSX Preferred Equity Index) decreased by 6.36% over the same period. Our Canadian High Income Securities portfolio outperformed its benchmark by 3.34%.

During the quarter, we completed one transaction: we acquired a new position in Sun Life. At the end of the quarter, cash holdings represented approximately 4% of the Canadian High Income Securities portfolio, which was invested in 11 stocks and thus offered healthy diversification across various economic sectors.

This relative outperformance over the index during a strongly negative quarter is mainly due to the slightly positive performance of our position in First Asset Tech Giant (TXF-C) and the almost imperceptible decline of TD Bank (less than 1%).

Since its launch in April 2014, the Canadian High Income Securities portfolio has gained 5.20%. The benchmark index of this portfolio (90% Dow Jones Canada Select Dividend Index and 10% S&P/TSX Preferred Equity Index) rose by 3.72%. As a result, our portfolio of high-income Canadian equities outperformed its benchmark by 1.48% (annual compound yield).



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Steve Deschesnes, LL.L., GPC, GSPD, FCSI®
Portfolio Strategist, Disnat GPS