

# Disnat GPS Quarterly Report: Fourth Quarter 2017



At December 31, 2017

## International Portfolio

During the fourth quarter of 2017, the international model portfolio lost 0.27% while its benchmark index (MSCI-EAFE, US\$) increased by 4.27% over the same period. As a result, our international portfolio underperformed the benchmark by 4.54%.

The relative underperformance versus the index during the fourth quarter of 2017 is mainly due to a decrease in our Mexican securities (Fomento Economico de Mexico and Grupo Aeroportuario Del Sureste), which fell during an otherwise positive quarter for the markets. We did not complete any transactions in this quarter.

Over the 2017 year, the international model portfolio gained 32.5% while its benchmark index increased by 25.63% over the same period. Our international portfolio therefore outperformed its benchmark by 6.87% on an annual basis.

During the past year, we completed two transactions: the complete sale of our positions in Teva Pharmaceuticals and Ferrari. At the end of the year/quarter, the international model portfolio held cash that represented approximately 15% of the total value of the portfolio and was invested in 12 stocks, providing sound diversification across the various economic sectors.

The relative performance above that of the index in 2017 is mainly due to a sharp rise in the shares of Alibaba (+100%), Ferrari (+100%) and Baidu (+42%).

Since its launch in April 2008, the international model portfolio has gained 4.97% while the benchmark index rose by 5.40%. As a result, our international portfolio underperformed its benchmark by 0.43% on a compounded annual basis.

# Disnat GPS Quarterly Report: Fourth Quarter 2017



At December 31, 2017

## Canadian Portfolio

During the fourth quarter of 2017, the Canadian model portfolio gained 4.61% while the benchmark for this portfolio (S&P/TSX60) rose 4.93% over the same period. As a result, our Canadian portfolio underperformed its benchmark by 0.32%.

Relative performance was similar to the index for the quarter mainly due to the very weak performance of our banking stocks which was offset by strong gains in securities such as Dollarama, Canadian Tire and CN. We completed one transaction during this quarter: the complete sale of our position in the Jean Coutu Group.

In 2017, the Canadian model portfolio gained 16.42% while its benchmark gained 9.78% over the same period. As a result, our Canadian portfolio outperformed the benchmark by 6.64%. The relative performance above that of the index in 2017 is mainly due to a sharp rise in Dollarama (+60%), Rogers Communications (+25%) and Magna International (+20%).

During the year, we completed two transactions: the complete sale of our positions in Suncor and the Jean Coutu Group. At the end of the year/quarter, the Canadian model portfolio held cash that represented approximately 18% of the total value of the portfolio and was invested in 11 stocks, providing sound diversification across the various economic sectors.

Since its launch in April 2008, the Canadian model portfolio has gained 8.39% while the benchmark for this portfolio rose by 4.86%. Our Canadian portfolio therefore outperformed its benchmark by a margin of 3.53% on a compounded annual basis.

# Disnat GPS Quarterly Report: Fourth Quarter 2017



At December 31, 2017

## Canadian High Income Securities

During the fourth quarter of 2017, the Canadian high income securities model portfolio gained 2.84% while the benchmark for this portfolio (90% of the Dow Jones Canada Select Dividend Index and 10% of the S&P/TSX Preferred Share Index) increased by 5.60% over the same period. Our Canadian high income securities model portfolio therefore outperformed its benchmark by 2.76%.

The underperformance relative to the index during the fourth quarter of 2017 is mainly due to a slightly negative performance of our positions in Cominar and TransAlta Renewables, and a non-performing cash position during a positive quarter. We did not complete any transactions in this quarter.

Over the course of 2017, the Canadian high income securities model portfolio gained 7.64% while the benchmark for this portfolio was up 11.89% during the same period. Our Canadian high income securities model portfolio therefore underperformed its benchmark by 4.25%. This relative underperformance is mainly due to a slightly negative return on our A&W and TransAlta Renewables positions, and unproductive cash holdings during a positive year for the market.

During the past year, we completed one transaction: the complete sale of our position in Liquor Stores. At the end of the year/quarter, the Canadian high income securities model portfolio held cash that represented approximately 12% of the total value of the portfolio and was invested in 10 stocks, offering healthy diversification across the various economic sectors.

Since its launch in April 2014, the Canadian high income securities model portfolio has gained 6.30% while the benchmark for this portfolio increased by 5.73%. Our Canadian high income securities portfolio outperformed its benchmark by 0.57% on a compounded annual basis.

# Disnat GPS Quarterly Report: Fourth Quarter 2017



At December 31, 2017

## US Portfolio

In the fourth quarter of 2017, the US model portfolio gained 11.12% while its benchmark index (S&P 500) grew by 6.64% over the same period. Our US portfolio therefore outperformed its benchmark by 4.48%.

Outperformance relative to the index in the fourth quarter was mainly due to a sharp rise in Skechers (+50%), Nike (+20%), Dollar General (+15%) and BlackRock (+20%). We did not complete any transactions in this quarter.

In 2017, the US model portfolio gained 24.70% while the benchmark index of this portfolio grew by 21.84% over the same period. Our US portfolio therefore outperformed its benchmark by 2.86%. This outperformance was mainly due to a sharp rise in shares of Skechers (+53%), Facebook (+53%), Apple (+46%) and McDonald's (+42%).

During the past year, we completed four transactions: the purchase of additional positions in Facebook and AT&T, and the complete sale of our positions in Cisco and Goldman Sachs.

At the end of the year/quarter, the US Model Portfolio held cash that represented approximately 10% of the total value of the portfolio and was invested in 13 stocks, providing sound diversification across the various economic sectors.

Since its launch in July 2015, the US model portfolio has gained 12.23% while the benchmark index of this portfolio (S&P 500) rose by 13.28%. As a result, our US portfolio has underperformed its benchmark by 1.05% on a compounded annual basis.

# Disnat GPS Quarterly Report: Fourth Quarter 2017



At December 31, 2017

## Exchange Traded Funds (ETF) Portfolio

During the fourth quarter of 2017, the ETF model portfolio gained 3.74% while the benchmark index of this portfolio (composed of 50% of the Dow Jones US\$ and 50% of the MSCI-EAFE \$US) rose by 5.44% over the same period. Our ETF portfolio therefore underperformed its benchmark by 1.70%.

The underperformance relative to the index during the fourth quarter of 2017 is mainly due to the negative performance of our positions in Healthcare (XHC-C) and Europe (VE-C), and an unproductive cash position during a positive quarter. We did not complete any transactions during the quarter.

For the 2017 year, the model ETF portfolio gained 13.84% while its benchmark index increased by 11.72% over the same period. Our ETF portfolio thus outperformed its benchmark by 2.12% on an annual basis. This relative outperformance is mainly due to a sharp rise in Nasdaq 100 iShares (+30%), India (+26%) and China (+24%).

We have not made any transactions during the past year. At the end of the year/quarter, the ETF Model Portfolio held cash which represented approximately 14% of the total value of the portfolio and was invested in nine securities, offering sound diversification across the various economic sectors.

Since its launch in January 2010, the ETF model portfolio has gained 6.57% while the benchmark index of this portfolio rose by 9.08%. As a result, our ETF portfolio underperformed its benchmark by 2.51% on a compounded annual basis.



## Warning

This Disnat GPS report is presented for general information purposes only. Desjardins Group, Desjardins Online Brokerage and Disnat GPS assume no responsibility for any errors or omissions and reserve the right to change or revise the contents of this report at any time without notice.

Financial and economic data, including stock quotes, analyses and interpretations thereof, is provided for informational purposes only and should in no way be regarded as a recommendation or advice to buy or sell any security or derivative.

It is possible that Desjardins or Desjardins Securities have already published differing or even contrary opinions to what is expressed herein. These views reflect the different views, assumptions and portfolio analysis methods of the analyst who provided them.

Desjardins Online Brokerage, its directors, officers, employees and agents will not be held liable for damages, losses or expenses incurred as a result of the use of information contained in this report.

All data are from Morningstar (©Morningstar).

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