

MAY 2018

2017 Annual Report

DFS GUARANTEED INVESTMENT FUNDS

Financial Information as of **December 31, 2017**

DFS Guaranteed Investment Funds are established by **Desjardins Financial Security Life Assurance Company**.

Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.



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WHAT’S A DFS GIF?

DFS stands for Desjardins Financial Security.

GIF stands for Guaranteed Investment Fund.

A Guaranteed Investment Fund (GIF), commonly known as “segregated fund” is an investment fund created and issued exclusively by life insurance companies. It is offered through Contracts which provide maturity and death benefit guarantees.

IS THIS DOCUMENT AVAILABLE ONLINE?

Yes, at desjardinslifeinsurance.com/GIFreports.

IS IT POSSIBLE TO OPT OUT OF RECEIVING PAPER COPIES OF THIS FINANCIAL REPORT?

Yes. Please send a letter to:

Desjardins Financial Security
GIF Administration
1 Complexe Desjardins
P.O. Box 9000
Montreal, QC H5B 1H5

Or send an email to:

gifclientservice@dfs.ca

Please include your name, mailing address, telephone number, email address and client number in your request, and indicate whether your request applies to the annual financial report and/or the semi-annual financial report.



Investment Solutions

DFS GUARANTEED INVESTMENT FUNDS

DFS GIF – CONSERVATIVE*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
DGIA Canadian Bond Fund	44.2%
Desjardins Enhanced Bond Fund	19.1%
Desjardins Short-Term Income Fund	16.0%
BlackRock CDN US Equity Index Fund	7.7%
Desjardins Overseas Equity Value Fund	3.1%
Desjardins Overseas Equity Growth Fund	3.1%
Desjardins Canadian Equity Fund	2.0%
Franklin Bissett Canadian Equity Fund	2.0%
Fidelity True North® Fund	2.0%
Cash and Cash Equivalents	0.8%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,251	2.5%	10,248	2.5%	10,324	3.2%
3 Years	—	—	10,464	1.5%	10,646	2.1%
Since Inception	10,440	2.0%	10,840	2.1%	11,060	2.7%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	165,845	75,146
Investments at fair value through profit or loss (FVTPL)	20,915,400	14,278,214
Premiums receivable	68,691	85,122
Receivable for securities sold	—	108
	<u>21,149,936</u>	<u>14,438,590</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	41,524	27,947
Withdrawals payable	9,643	125,416
Payable for securities purchased	153,556	1,298
	<u>204,723</u>	<u>154,661</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>20,945,213</u>	<u>14,283,929</u>
NET ASSETS PER UNIT		
Series 5	<u>5.22</u>	5.09
Series 6	<u>5.42</u>	5.29
Series 7	<u>5.53</u>	5.36

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	490,895	453,343
Changes in fair value:		
Net realized gain (loss) on investments	104,959	26,826
Net unrealized gain (loss) on investments	274,085	(112,885)
	<u>869,939</u>	<u>367,284</u>
EXPENSES		
Management fees and guarantee charge	361,387	248,244
Operating expenses	37,329	25,645
	<u>398,716</u>	<u>273,889</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>471,223</u>	<u>93,395</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	88,495	(3,440)
- per unit	0.25	(0.03)
Average Number of Units	355,673	105,251
SERIES 6		
Increase (Decrease) in Net Assets from Operations	315,804	65,918
- per unit	0.13	0.04
Average Number of Units	2,376,010	1,776,661
SERIES 7		
Increase (Decrease) in Net Assets from Operations	66,924	30,917
- per unit	0.18	0.11
Average Number of Units	379,049	283,127

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CONSERVATIVE (cont.)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	14,283,929	8,448,200
Increase (Decrease) in Net Assets from operations attributable to contract owners	471,223	93,395
Premiums		
Series 5	3,373,079	1,098,525
Series 6	5,052,361	7,496,140
Series 7	1,533,070	1,973,253
	9,958,510	10,567,918
Withdrawals		
Series 5	(306,551)	(229,161)
Series 6	(2,619,289)	(2,917,657)
Series 7	(842,609)	(1,678,766)
	(3,768,449)	(4,825,584)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	20,945,213	14,283,929

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	471,223	93,395
Adjustments for:		
Net realized gain (loss)	(104,959)	(26,826)
Net unrealized gain (loss)	(274,085)	112,885
Non-cash distribution from investments	(490,895)	(453,343)
Proceeds from sale/maturity of investments	7,066,290	2,874,806
Investments purchased	(12,833,537)	(8,389,769)
Receivable for securities sold	108	31,059
Accrued expenses	13,577	11,588
Payable for securities purchased	152,258	899
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(6,000,020)	(5,745,306)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	9,974,941	10,482,796
Amounts paid on withdrawals	(3,884,222)	(4,732,519)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	6,090,719	5,750,277
Increase (decrease) in cash/ bank overdraft	90,699	4,971
Cash (bank overdraft), beginning of year	75,146	70,175
CASH (BANK OVERDRAFT), END OF YEAR	165,845	75,146

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.9%)		\$	\$
BlackRock CDN US Equity Index Fund, Class D	72,768	1,468,155	1,615,758
Desjardins Canadian Equity Fund, I-Class	40,482	436,633	425,348
Desjardins Enhanced Bond Fund, I-Class	367,055	4,103,537	4,007,140
Desjardins Overseas Equity Growth Fund, I-Class	25,936	527,848	641,849
Desjardins Overseas Equity Value Fund, I-Class	40,101	597,402	661,149
Desjardins Short-Term Income Fund, I-Class	347,760	3,382,290	3,365,620
DGIA Canadian Bond Fund	929,020	9,494,604	9,355,586
Fidelity True North® Fund, Series O	8,363	392,820	420,644
Franklin Bissett Canadian Equity Fund, Series O	2,712	382,918	422,306
Total Investments		20,786,207	20,915,400
Other Net Assets (0.1%)			29,813
Net Assets (100%)			20,945,213

The accompanying Notes are an integral part of these financial statements.

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited

Security Name	Percentage of Portfolio
DGIA CANADIAN BOND FUND 44.2%	
Canada Housing Trust, 1.25%, June 15, 2021	4.6%
Government of Canada, 2.00%, June 1, 2028	3.3%
NHA MBS Merrill Lynch, 1.30%, August 1, 2021	3.3%
Province of Ontario, 2.85%, June 2, 2023	3.1%
Canada Housing Trust, 1.90%, September 15, 2026	2.7%
DESJARDINS ENHANCED BOND FUND 19.1%	
Canada Housing Trust, 2.90%, June 15, 2024	7.0%
Province of Quebec, 3.50%, December 1, 2022	4.4%
Province of Quebec, 2.75%, September 1, 2027	4.0%
Province of Ontario, 2.40%, June 2, 2026	2.5%
Province of Quebec, 3.50%, December 1, 2048	2.3%
DESJARDINS SHORT-TERM INCOME FUND 16.0%	
Canada Housing Trust, 1.45%, June 15, 2020	9.0%
Canada Housing Trust, 1.25%, December 15, 2020	7.4%
NHA MBS Merrill Lynch, 1.37%, November 1, 2021	4.5%
Canada Housing Trust, 1.20%, June 15, 2020	4.5%
Government of Canada, 1.00%, June 1, 2027	3.1%
BLACKROCK CDN US EQUITY INDEX FUND 7.7%	
Apple	3.8%
Microsoft Corporation	2.9%
Amazon.com	2.1%
Facebook	1.9%
Berkshire Hathaway	1.7%

DFS GIF – CONSERVATIVE (cont.)

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited (cont.)

Security Name	Percentage of Portfolio
DESJARDINS OVERSEAS EQUITY VALUE FUND 3.1%	
Roche Holding AG	3.3%
AIA Group	3.2%
Novartis AG	2.8%
Whitbread	2.7%
Vodafone Group	2.7%
DESJARDINS OVERSEAS EQUITY GROWTH FUND 3.1%	
Tencent Holdings	6.9%
ASML Holding	4.7%
Alibaba Group Holding	4.4%
AIA Group	4.4%
Baidu, ADR	4.2%
DESJARDINS CANADIAN EQUITY FUND 2.0%	
Toronto-Dominion Bank	6.4%
Royal Bank of Canada	6.3%
Scotiabank	4.5%
Enbridge	4.3%
Suncor Energy	3.7%
FRANKLIN BISSETT CANADIAN EQUITY FUND 2.0%	
Brookfield Asset Management	6.7%
Canadian National Railway Company	5.5%
Royal Bank of Canada	5.2%
Toronto-Dominion Bank	5.1%
Restaurant Brands International	4.7%
FIDELITY TRUE NORTH® FUND 2.0%	
Toronto-Dominion Bank	8.6%
Canadian National Railway Company	4.3%
Suncor Energy	3.9%
Royal Bank of Canada	3.8%
Alimentation Couche-Tard	3.8%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To generate a consistent flow of income with an emphasis on the preservation of capital by investing in a number of different fixed income and equity underlying funds.

Strategy of the Fund

To invest in a wide array of underlying funds managed by using a multi-manager approach provided by acclaimed fund managers and sub-advisors.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	9,944,056	10,971,344	—	20,915,400
TOTAL	9,944,056	10,971,344	—	20,915,400

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	5,032,362	9,245,852	—	14,278,214
TOTAL	5,032,362	9,245,852	—	14,278,214

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Funds Risk Management

Monthly, the investment strategy team compares the Funds' performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Funds' performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Funds' investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Funds' managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying funds. Detailed disclosure about the currency risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – CONSERVATIVE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying funds. Detailed disclosure about the interest rate risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying funds. Detailed disclosure about the concentration risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying funds. Detailed disclosure about the price risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

As at December 31, 2017, the Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2017
Benchmarks	%	\$
FTSE TMX Canada Universe Bond (80%)	1.00	162,535
S&P/TSX (6%)	3.00	36,570
MSCI World Net (14%)	3.00	85,331

As at December 31, 2016, the Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, was as follows:

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2016
Benchmarks	%	\$
FTSE TMX Canada Universe Bond (80%)	1.00	114,271
S&P/TSX (8%)	3.00	34,281
S&P 500 (6%)	3.00	25,711
MSCI EAFE Net (6%)	3.00	25,711

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying funds. Detailed disclosure about the credit risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying funds. Detailed disclosure about the liquidity risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past four years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014
Net Assets and Net Asset Value Per Unit (\$)				
Series 5	5.22	5.09	5.04	—
Series 6	5.42	5.29	5.23	5.18
Series 7	5.53	5.36	5.26	5.19
Ratios and Supplemental Data				
Net Asset Value (\$000's)				
Series 5	4,088	933	68	—
Series 6	14,519	11,770	7,126	2,850
Series 7	2,338	1,580	1,255	20
Number of units outstanding (000)				
Series 5	783	183	13	—
Series 6	2,677	2,226	1,363	550
Series 7	423	295	238	4
Management expense ratio (MER) ¹ (%)				
Series 5	2.59	2.59	2.59	—
Series 6	2.47	2.47	2.49	2.51
Series 7	1.91	1.88	2.01	2.01
Portfolio turnover rate ² (%)	42.11	26.04	60.19	11.83

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – MODERATE*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
DGIA Canadian Bond Fund	35.7%
Desjardins Enhanced Bond Fund	15.4%
BlackRock CDN US Equity Index Fund	13.3%
Desjardins Short-Term Income Fund	12.9%
Desjardins Overseas Equity Value Fund	5.5%
Desjardins Overseas Equity Growth Fund	5.3%
Desjardins Canadian Equity Fund	3.5%
Franklin Bissett Canadian Equity Fund	3.5%
Fidelity True North® Fund	3.5%
Cash and Cash Equivalents	1.4%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,399	4.0%	10,415	4.1%	10,490	4.9%
3 Years	—	—	10,792	2.6%	11,003	3.2%
Since Inception	10,680	3.0%	11,240	3.1%	11,500	3.7%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	496,463	391,377
Investments at fair value through profit or loss (FVTPL)	34,576,611	26,582,702
Premiums receivable	80,308	437,404
	<u>35,153,382</u>	<u>27,411,483</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	67,535	51,363
Withdrawals payable	21,497	122,636
Payable for securities purchased	171,588	265,043
	<u>260,620</u>	<u>439,042</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>34,892,762</u>	<u>26,972,441</u>
NET ASSETS PER UNIT		
Series 5	<u>5.34</u>	5.14
Series 6	<u>5.62</u>	5.40
Series 7	<u>5.75</u>	5.48

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	181	—
Distributions from underlying funds	841,259	827,420
Changes in fair value:		
Net realized gain (loss) on investments	279,375	41,011
Net unrealized gain (loss) on investments	876,167	(10,368)
	<u>1,996,982</u>	<u>858,063</u>
EXPENSES		
Management fees and guarantee charge	668,358	428,554
Operating expenses	68,387	43,147
	<u>736,745</u>	<u>471,701</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,260,237</u>	<u>386,362</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	26,868	15,897
- per unit	0.20	0.18
Average Number of Units	135,449	89,078
SERIES 6		
Increase (Decrease) in Net Assets from Operations	992,885	314,789
- per unit	0.22	0.10
Average Number of Units	4,454,226	3,116,323
SERIES 7		
Increase (Decrease) in Net Assets from Operations	240,484	55,676
- per unit	0.25	0.12
Average Number of Units	964,392	452,088

The accompanying Notes are an integral part of these financial statements.

DFS GIF – MODERATE (cont.)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	26,972,441	13,940,758
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,260,237	386,362
Premiums		
Series 5	472,818	669,622
Series 6	8,202,111	12,168,567
Series 7	3,101,771	3,414,873
	11,776,700	16,253,062
Withdrawals		
Series 5	(155,962)	(125,108)
Series 6	(3,774,409)	(3,011,529)
Series 7	(1,186,245)	(471,104)
	(5,116,616)	(3,607,741)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	34,892,762	26,972,441

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,260,237	386,362
Adjustments for:		
Net realized gain (loss)	(279,375)	(41,011)
Net unrealized gain (loss)	(876,167)	10,368
Non-cash distribution from investments	(841,259)	(827,420)
Proceeds from sale/maturity of investments	10,801,654	2,697,410
Investments purchased	(16,798,762)	(14,842,018)
Accrued expenses	16,172	23,979
Payable for securities purchased	(93,455)	187,459
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(6,810,955)	(12,404,871)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	12,133,796	15,834,413
Amounts paid on withdrawals	(5,217,755)	(3,492,138)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	6,916,041	12,342,275
Increase (decrease) in cash/ bank overdraft	105,086	(62,596)
Cash (bank overdraft), beginning of year	391,377	453,973
CASH (BANK OVERDRAFT), END OF YEAR	496,463	391,377
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	181	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.1%)		\$	\$
BlackRock CDN US Equity Index Fund, Class D	209,345	4,185,761	4,648,331
Desjardins Canadian Equity Fund, I-Class	117,031	1,261,411	1,229,646
Desjardins Enhanced Bond Fund, I-Class	493,788	5,545,607	5,390,681
Desjardins Overseas Equity Growth Fund, I-Class	75,111	1,480,854	1,858,768
Desjardins Overseas Equity Value Fund, I-Class	116,055	1,714,799	1,913,405
Desjardins Short-Term Income Fund, I-Class	465,816	4,529,823	4,508,164
DGIA Canadian Bond Fund	1,249,698	12,808,391	12,584,934
Fidelity True North® Fund, Series O	24,236	1,133,133	1,219,022
Franklin Bissett Canadian Equity Fund, Series O	7,859	1,100,490	1,223,660
Total Investments		33,760,269	34,576,611
Other Net Assets (0.9%)			316,151
Net Assets (100%)			34,892,762

The accompanying Notes are an integral part of these financial statements.

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited

Security Name	Percentage of Portfolio
DGIA CANADIAN BOND FUND 35.7%	
Canada Housing Trust, 1.25%, June 15, 2021	4.6%
Government of Canada, 2.00%, June 1, 2028	3.3%
NHA MBS Merrill Lynch, 1.30%, August 1, 2021	3.3%
Province of Ontario, 2.85%, June 2, 2023	3.1%
Canada Housing Trust, 1.90%, September 15, 2026	2.7%
DESJARDINS ENHANCED BOND FUND 15.4%	
Canada Housing Trust, 2.90%, June 15, 2024	7.0%
Province of Quebec, 3.50%, December 1, 2022	4.4%
Province of Quebec, 2.75%, September 1, 2027	4.0%
Province of Ontario, 2.40%, June 2, 2026	2.5%
Province of Quebec, 3.50%, December 1, 2048	2.3%
BLACKROCK CDN US EQUITY INDEX FUND 13.3%	
Apple	3.8%
Microsoft Corporation	2.9%
Amazon.com	2.1%
Facebook	1.9%
Berkshire Hathaway	1.7%
DESJARDINS SHORT-TERM INCOME FUND 12.9%	
Canada Housing Trust, 1.45%, June 15, 2020	9.0%
Canada Housing Trust, 1.25%, December 15, 2020	7.4%
NHA MBS Merrill Lynch, 1.37%, November 1, 2021	4.5%
Canada Housing Trust, 1.20%, June 15, 2020	4.5%
Government of Canada, 1.00%, June 1, 2027	3.1%

DFS GIF – MODERATE (cont.)

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited (cont.)

Security Name	Percentage of Portfolio
DESJARDINS OVERSEAS EQUITY VALUE FUND 5.5%	
Roche Holding AG	3.3%
AIA Group	3.2%
Novartis AG	2.8%
Whitbread	2.7%
Vodafone Group	2.7%
DESJARDINS OVERSEAS EQUITY GROWTH FUND 5.3%	
Tencent Holdings	6.9%
ASML Holding	4.7%
Alibaba Group Holding	4.4%
AIA Group	4.4%
Baidu, ADR	4.2%
DESJARDINS CANADIAN EQUITY FUND 3.5%	
Toronto-Dominion Bank	6.4%
Royal Bank of Canada	6.3%
Scotiabank	4.5%
Enbridge	4.3%
Suncor Energy	3.7%
FRANKLIN BISSETT CANADIAN EQUITY FUND 3.5%	
Brookfield Asset Management	6.7%
Canadian National Railway Company	5.5%
Royal Bank of Canada	5.2%
Toronto-Dominion Bank	5.1%
Restaurant Brands International	4.7%
FIDELITY TRUE NORTH® FUND 3.5%	
Toronto-Dominion Bank	8.6%
Canadian National Railway Company	4.3%
Suncor Energy	3.9%
Royal Bank of Canada	3.8%
Alimentation Couche-Tard	3.8%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To generate income while leaving room for some capital appreciation by investing in a number of different fixed income and equity underlying funds.

Strategy of the Fund

To invest in a wide array of underlying funds managed by using a multi-manager approach provided by acclaimed fund managers and sub-advisors.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	17,343,346	17,233,265	—	34,576,611
TOTAL	17,343,346	17,233,265	—	34,576,611

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	10,415,136	16,167,566	—	26,582,702
TOTAL	10,415,136	16,167,566	—	26,582,702

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Funds Risk Management

Monthly, the investment strategy team compares the Funds' performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Funds' performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Funds' investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Funds' managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying funds. Detailed disclosure about the currency risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – MODERATE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying funds. Detailed disclosure about the interest rate risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying funds. Detailed disclosure about the concentration risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying funds. Detailed disclosure about the price risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

As at December 31, 2017, the Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

Benchmarks	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2017
	%	\$
FTSE TMX Canada Universe Bond (65%)	1.00	219,705
S&P/TSX (10.5%)	3.00	106,473
MSCI World Net (24.5%)	3.00	248,436

As at December 31, 2016, the Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, was as follows:

Benchmarks	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2016
	%	\$
FTSE TMX Canada Universe Bond (65%)	1.00	175,321
S&P/TSX (14%)	3.00	113,284
S&P 500 (10.5%)	3.00	84,963
MSCI EAFE Net (10.5%)	3.00	84,963

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying funds. Detailed disclosure about the credit risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying funds. Detailed disclosure about the liquidity risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past four years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014
Net Assets and Net Asset Value Per Unit (\$)				
Series 5	5.34	5.14	5.04	—
Series 6	5.62	5.40	5.29	5.21
Series 7	5.75	5.48	5.34	5.23
Ratios and Supplemental Data				
Net Asset Value (\$000's)				
Series 5	1,002	659	98	—
Series 6	27,589	22,168	12,696	5,035
Series 7	6,302	4,146	1,146	327
Number of units outstanding (000)				
Series 5	188	128	19	—
Series 6	4,905	4,108	2,402	967
Series 7	1,097	756	215	62
Management expense ratio (MER)¹ (%)				
Series 5	2.67	2.70	2.64	—
Series 6	2.50	2.49	2.51	2.54
Series 7	1.95	1.90	1.90	2.07
Portfolio turnover rate² (%)	35.43	15.07	46.64	5.15

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – BALANCED*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
DGIA Canadian Bond Fund	29.5%
BlackRock CDN US Equity Index Fund	19.2%
Desjardins Enhanced Bond Fund	12.7%
Desjardins Overseas Equity Value Fund	7.9%
Desjardins Overseas Equity Growth Fund	7.6%
Desjardins Short-Term Income Fund	7.5%
Franklin Bissett Canadian Equity Fund	5.0%
Fidelity True North® Fund	5.0%
Desjardins Canadian Equity Fund	5.0%
Cash and Cash Equivalents	0.6%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,592	5.9%	10,612	6.1%	10,651	6.5%
3 Years	—	—	11,194	3.8%	11,345	4.3%
Since Inception	11,020	4.5%	11,660	4.1%	11,880	4.6%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	501,798	423,802
Investments at fair value through profit or loss (FVTPL)	79,780,955	54,212,097
Premiums receivable	169,339	304,070
	<u>80,452,092</u>	<u>54,939,969</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	162,469	108,345
Withdrawals payable	53,289	36,562
Payable for securities purchased	190,605	268,943
	<u>406,363</u>	<u>413,850</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>80,045,729</u>	<u>54,526,119</u>
NET ASSETS PER UNIT		
Series 5	<u>5.51</u>	5.20
Series 6	<u>5.83</u>	5.49
Series 7	<u>5.94</u>	5.58

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	156	—
Distributions from underlying funds	1,829,068	1,806,464
Changes in fair value:		
Net realized gain (loss) on investments	838,206	59,055
Net unrealized gain (loss) on investments	2,711,890	679,574
	<u>5,379,320</u>	<u>2,545,093</u>
EXPENSES		
Management fees and guarantee charge	1,483,681	935,563
Operating expenses	146,339	92,349
	<u>1,630,020</u>	<u>1,027,912</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>3,749,300</u>	<u>1,517,181</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	77,069	24,092
- per unit	0.28	0.26
Average Number of Units	272,052	94,128
SERIES 6		
Increase (Decrease) in Net Assets from Operations	3,164,787	1,271,874
- per unit	0.32	0.19
Average Number of Units	9,878,137	6,561,526
SERIES 7		
Increase (Decrease) in Net Assets from Operations	507,444	221,215
- per unit	0.37	0.21
Average Number of Units	1,363,217	1,068,692

The accompanying Notes are an integral part of these financial statements.

DFS GIF – BALANCED (cont.)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	54,526,119	31,279,788
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,749,300	1,517,181
Premiums		
Series 5	2,729,380	604,836
Series 6	21,424,262	22,781,945
Series 7	5,492,813	1,888,777
	29,646,455	25,275,558
Withdrawals		
Series 5	(400,956)	(3,973)
Series 6	(5,098,229)	(2,917,073)
Series 7	(2,376,960)	(625,362)
	(7,876,145)	(3,546,408)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	80,045,729	54,526,119

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,749,300	1,517,181
Adjustments for:		
Net realized gain (loss)	(838,206)	(59,055)
Net unrealized gain (loss)	(2,711,890)	(679,574)
Non-cash distribution from investments	(1,829,068)	(1,806,464)
Proceeds from sale/maturity of investments	18,303,481	3,354,247
Investments purchased	(38,493,175)	(24,027,633)
Receivable for securities sold	—	3,797
Accrued expenses	54,124	46,099
Payable for securities purchased	(78,338)	243,096
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(21,843,772)	(21,408,306)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	29,781,186	25,031,286
Amounts paid on withdrawals	(7,859,418)	(3,529,094)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	21,921,768	21,502,192
Increase (decrease) in cash/ bank overdraft	77,996	93,886
Cash (bank overdraft), beginning of year	423,802	329,916
CASH (BANK OVERDRAFT), END OF YEAR	501,798	423,802
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	156	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.7%)		\$	\$
BlackRock CDN US Equity Index Fund, Class D	691,931	13,904,364	15,363,730
Desjardins Canadian Equity Fund, I-Class	382,559	4,125,110	4,019,545
Desjardins Enhanced Bond Fund, I-Class	930,930	10,434,223	10,162,959
Desjardins Overseas Equity Growth Fund, I-Class	247,404	4,930,226	6,122,511
Desjardins Overseas Equity Value Fund, I-Class	382,243	5,669,120	6,302,038
Desjardins Short-Term Income Fund, I-Class	622,374	6,052,350	6,023,336
DGIA Canadian Bond Fund	2,356,177	24,101,137	23,727,602
Fidelity True North® Fund, Series O	79,961	3,745,163	4,021,952
Franklin Bissett Canadian Equity Fund, Series O	25,928	3,617,409	4,037,282
Total Investments		76,579,102	79,780,955
Other Net Assets (0.3%)			264,774
Net Assets (100%)			80,045,729

The accompanying Notes are an integral part of these financial statements.

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited

Security Name	Percentage of Portfolio
DGIA CANADIAN BOND FUND 29.5%	
Canada Housing Trust, 1.25%, June 15, 2021	4.6%
Government of Canada, 2.00%, June 1, 2028	3.3%
NHA MBS Merrill Lynch, 1.30%, August 1, 2021	3.3%
Province of Ontario, 2.85%, June 2, 2023	3.1%
Canada Housing Trust, 1.90%, September 15, 2026	2.7%
BLACKROCK CDN US EQUITY INDEX FUND 19.2%	
Apple	3.8%
Microsoft Corporation	2.9%
Amazon.com	2.1%
Facebook	1.9%
Berkshire Hathaway	1.7%
DESJARDINS ENHANCED BOND FUND 12.7%	
Canada Housing Trust, 2.90%, June 15, 2024	7.0%
Province of Quebec, 3.50%, December 1, 2022	4.4%
Province of Quebec, 2.75%, September 1, 2027	4.0%
Province of Ontario, 2.40%, June 2, 2026	2.5%
Province of Quebec, 3.50%, December 1, 2048	2.3%
DESJARDINS OVERSEAS EQUITY VALUE FUND 7.9%	
Roche Holding AG	3.3%
AIA Group	3.2%
Novartis AG	2.8%
Whitbread	2.7%
Vodafone Group	2.7%

DFS GIF – BALANCED (cont.)

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited (cont.)

Security Name	Percentage of Portfolio
DESJARDINS OVERSEAS EQUITY GROWTH FUND 7.6%	
Tencent Holdings	6.9%
ASML Holding	4.7%
Alibaba Group Holding	4.4%
AIA Group	4.4%
Baidu, ADR	4.2%
DESJARDINS SHORT-TERM INCOME FUND 7.5%	
Canada Housing Trust, 1.45%, June 15, 2020	9.0%
Canada Housing Trust, 1.25%, December 15, 2020	7.4%
NHA MBS Merrill Lynch, 1.37%, November 1, 2021	4.5%
Canada Housing Trust, 1.20%, June 15, 2020	4.5%
Government of Canada, 1.00%, June 1, 2027	3.1%
FRANKLIN BISSETT CANADIAN EQUITY FUND 5.0%	
Brookfield Asset Management	6.7%
Canadian National Railway Company	5.5%
Royal Bank of Canada	5.2%
Toronto-Dominion Bank	5.1%
Restaurant Brands International	4.7%
FIDELITY TRUE NORTH® FUND 5.0%	
Toronto-Dominion Bank	8.6%
Canadian National Railway Company	4.3%
Suncor Energy	3.9%
Royal Bank of Canada	3.8%
Alimentation Couche-Tard	3.8%
DESJARDINS CANADIAN EQUITY FUND 5.0%	
Toronto-Dominion Bank	6.4%
Royal Bank of Canada	6.3%
Scotiabank	4.5%
Enbridge	4.3%
Suncor Energy	3.7%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide investors with an attractive balance of current income and capital appreciation by investing in a number of different fixed income and equity underlying funds.

Strategy of the Fund

To invest in a wide array of underlying funds managed by using a multi-manager approach provided by acclaimed fund managers and sub-advisors.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	40,689,623	39,091,332	—	79,780,955
TOTAL	40,689,623	39,091,332	—	79,780,955

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	23,338,105	30,873,992	—	54,212,097
TOTAL	23,338,105	30,873,992	—	54,212,097

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Funds Risk Management

Monthly, the investment strategy team compares the Funds' performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Funds' performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Funds' investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Funds' managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying funds. Detailed disclosure about the currency risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – BALANCED (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying funds. Detailed disclosure about the interest rate risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying funds. Detailed disclosure about the concentration risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying funds. Detailed disclosure about the price risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

As at December 31, 2017, the Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2017
Benchmarks	%	\$
FTSE TMX Canada Universe Bond (50%)	1.00	393,456
S&P/TSX (15%)	3.00	354,111
MSCI World Net (35%)	3.00	826,258

As at December 31, 2016, the Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, was as follows:

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2016
Benchmarks	%	\$
FTSE TMX Canada Universe Bond (50%)	1.00	272,631
S&P/TSX (20%)	3.00	327,157
S&P 500 (15%)	3.00	245,368
MSCI EAFE Net (15%)	3.00	245,368

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying funds. Detailed disclosure about the credit risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying funds. Detailed disclosure about the liquidity risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past four years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014
Net Assets and Net Asset Value Per Unit (\$)				
Series 5	5.51	5.20	5.05	—
Series 6	5.83	5.49	5.32	5.21
Series 7	5.94	5.58	5.38	5.24
Ratios and Supplemental Data				
Net Asset Value (\$000's)				
Series 5	3,095	689	64	—
Series 6	66,424	46,933	25,797	8,868
Series 7	10,527	6,904	5,419	729
Number of units outstanding (000)				
Series 5	562	132	13	—
Series 6	11,403	8,543	4,848	1,703
Series 7	1,771	1,238	1,008	139
Management expense ratio (MER) ¹ (%)				
Series 5	2.73	2.76	2.70	—
Series 6	2.56	2.54	2.57	2.57
Series 7	2.07	2.08	2.13	2.13
Portfolio turnover rate ² (%)	27.95	9.21	39.42	10.00

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – GROWTH*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
BlackRock CDN US Equity Index Fund	24.6%
DGIA Canadian Bond Fund	21.9%
Desjardins Overseas Equity Value Fund	10.3%
Desjardins Overseas Equity Growth Fund	10.0%
Desjardins Enhanced Bond Fund	9.4%
Desjardins Canadian Equity Fund	6.6%
Franklin Bissett Canadian Equity Fund	6.6%
Fidelity True North® Fund	6.5%
Desjardins Short-Term Income Fund	3.5%
Cash and Cash Equivalents	0.6%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,754	7.5%	10,776	7.8%	10,843	8.4%
3 Years	—	—	11,551	4.9%	11,724	5.4%
Since Inception	11,320	5.8%	12,160	5.2%	12,380	5.7%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	811,134	396,843
Investments at fair value through profit or loss (FVTPL)	64,237,964	40,818,802
Premiums receivable	178,186	621,550
	<u>65,227,284</u>	<u>41,837,195</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	133,439	83,053
Withdrawals payable	51,412	287,183
Payable for securities purchased	743,494	418,064
	<u>928,345</u>	<u>788,300</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>64,298,939</u>	<u>41,048,895</u>
NET ASSETS PER UNIT		
Series 5	<u>5.66</u>	5.26
Series 6	<u>6.08</u>	5.64
Series 7	<u>6.19</u>	5.71

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	1,409,569	1,326,489
Changes in fair value:		
Net realized gain (loss) on investments	904,939	1,593
Net unrealized gain (loss) on investments	2,669,668	693,151
	<u>4,984,176</u>	<u>2,021,233</u>
EXPENSES		
Management fees and guarantee charge	1,180,386	636,201
Operating expenses	111,561	60,160
	<u>1,291,947</u>	<u>696,361</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>3,692,229</u>	<u>1,324,872</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	421,189	110,291
- per unit	<u>0.33</u>	0.30
Average Number of Units	<u>1,273,165</u>	367,809
SERIES 6		
Increase (Decrease) in Net Assets from Operations	2,920,002	1,102,785
- per unit	<u>0.44</u>	0.26
Average Number of Units	<u>6,624,276</u>	4,231,018
SERIES 7		
Increase (Decrease) in Net Assets from Operations	351,038	111,796
- per unit	<u>0.49</u>	0.28
Average Number of Units	<u>722,732</u>	392,559

The accompanying Notes are an integral part of these financial statements.

DFS GIF – GROWTH (cont.)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	41,048,895	18,999,556
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,692,229	1,324,872
Premiums		
Series 5	6,827,635	4,239,029
Series 6	15,356,997	17,244,265
Series 7	5,220,551	3,597,009
	27,405,183	25,080,303
Withdrawals		
Series 5	(984,117)	(429,141)
Series 6	(4,634,864)	(3,426,521)
Series 7	(2,228,387)	(500,174)
	(7,847,368)	(4,355,836)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	64,298,939	41,048,895

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,692,229	1,324,872
Adjustments for:		
Net realized gain (loss)	(904,939)	(1,593)
Net unrealized gain (loss)	(2,669,668)	(693,151)
Non-cash distribution from investments	(1,409,569)	(1,326,489)
Proceeds from sale/maturity of investments	16,288,510	3,119,664
Investments purchased	(34,723,496)	(23,073,983)
Receivable for securities sold	—	34,057
Accrued expenses	50,386	43,206
Payable for securities purchased	325,430	381,973
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(19,351,117)	(20,191,444)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	27,848,547	24,564,498
Amounts paid on withdrawals	(8,083,139)	(4,087,009)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	19,765,408	20,477,489
Increase (decrease) in cash/ bank overdraft	414,291	286,045
Cash (bank overdraft), beginning of year	396,843	110,798
CASH (BANK OVERDRAFT), END OF YEAR	811,134	396,843

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.9%)		\$	\$
BlackRock CDN US Equity Index Fund, Class D	722,042	14,737,623	16,032,339
Desjardins Canadian Equity Fund, I-Class	403,023	4,345,955	4,234,561
Desjardins Enhanced Bond Fund, I-Class	556,062	6,215,491	6,070,528
Desjardins Overseas Equity Growth Fund, I-Class	259,415	5,273,911	6,419,753
Desjardins Overseas Equity Value Fund, I-Class	400,742	6,001,878	6,607,040
Desjardins Short-Term Income Fund, I-Class	233,944	2,274,660	2,264,106
DGIA Canadian Bond Fund	1,407,399	14,402,691	14,173,045
Fidelity True North® Fund, Series O	83,706	3,952,361	4,210,312
Franklin Bissett Canadian Equity Fund, Series O	27,142	3,850,868	4,226,280
Total Investments		61,055,438	64,237,964
Other Net Assets (0.1%)			60,975
Net Assets (100%)			64,298,939

The accompanying Notes are an integral part of these financial statements.

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited

Security Name	Percentage of Portfolio
BLACKROCK CDN US EQUITY INDEX FUND 24.6%	
Apple	3.8%
Microsoft Corporation	2.9%
Amazon.com	2.1%
Facebook	1.9%
Berkshire Hathaway	1.7%
DGIA CANADIAN BOND FUND 21.9%	
Canada Housing Trust, 1.25%, June 15, 2021	4.6%
Government of Canada, 2.00%, June 1, 2028	3.3%
NHA MBS Merrill Lynch, 1.30%, August 1, 2021	3.3%
Province of Ontario, 2.85%, June 2, 2023	3.1%
Canada Housing Trust, 1.90%, September 15, 2026	2.7%
DESJARDINS OVERSEAS EQUITY VALUE FUND 10.3%	
Roche Holding AG	3.3%
AIA Group	3.2%
Novartis AG	2.8%
Whitbread	2.7%
Vodafone Group	2.7%
DESJARDINS OVERSEAS EQUITY GROWTH FUND 10.0%	
Tencent Holdings	6.9%
ASML Holding	4.7%
Alibaba Group Holding	4.4%
AIA Group	4.4%
Baidu, ADR	4.2%

DFS GIF – GROWTH (cont.)

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited (cont.)

Security Name	Percentage of Portfolio
DESJARDINS ENHANCED BOND FUND 9.4%	
Canada Housing Trust, 2.90%, June 15, 2024	7.0%
Province of Quebec, 3.50%, December 1, 2022	4.4%
Province of Quebec, 2.75%, September 1, 2027	4.0%
Province of Ontario, 2.40%, June 2, 2026	2.5%
Province of Quebec, 3.50%, December 1, 2048	2.3%
DESJARDINS CANADIAN EQUITY FUND 6.6%	
Toronto-Dominion Bank	6.4%
Royal Bank of Canada	6.3%
Scotiabank	4.5%
Enbridge	4.3%
Suncor Energy	3.7%
FRANKLIN BISSETT CANADIAN EQUITY FUND 6.6%	
Brookfield Asset Management	6.7%
Canadian National Railway Company	5.5%
Royal Bank of Canada	5.2%
Toronto-Dominion Bank	5.1%
Restaurant Brands International	4.7%
FIDELITY TRUE NORTH® FUND 6.5%	
Toronto-Dominion Bank	8.6%
Canadian National Railway Company	4.3%
Suncor Energy	3.9%
Royal Bank of Canada	3.8%
Alimentation Couche-Tard	3.8%
DESJARDINS SHORT-TERM INCOME FUND 3.5%	
Canada Housing Trust, 1.45%, June 15, 2020	9.0%
Canada Housing Trust, 1.25%, December 15, 2020	7.4%
NHA MBS Merrill Lynch, 1.37%, November 1, 2021	4.5%
Canada Housing Trust, 1.20%, June 15, 2020	4.5%
Government of Canada, 1.00%, June 1, 2027	3.1%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To emphasize appreciation of capital while still generating some income by investing in a number of different fixed income and equity underlying funds.

Strategy of the Fund

To invest in a wide array of underlying funds managed by using a multi-manager approach provided by acclaimed fund managers and sub-advisors.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	34,032,580	30,205,384	—	64,237,964
TOTAL	34,032,580	30,205,384	—	64,237,964
December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	19,009,363	21,809,439	—	40,818,802
TOTAL	19,009,363	21,809,439	—	40,818,802

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Funds Risk Management

Monthly, the investment strategy team compares the Funds' performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Funds' performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Funds' investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Funds' managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying funds. Detailed disclosure about the currency risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – GROWTH (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying funds. Detailed disclosure about the interest rate risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying funds. Detailed disclosure about the concentration risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying funds. Detailed disclosure about the price risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

As at December 31, 2017, the Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2017
Benchmarks	%	\$
FTSE TMX Canada Universe Bond (35%)	1.00	222,447
S&P/TSX (19.5%)	3.00	371,805
MSCI World Net (45.5%)	3.00	867,544

As at December 31, 2016, the Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, was as follows:

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2016
Benchmarks	%	\$
FTSE TMX Canada Universe Bond (35%)	1.00	143,671
S&P/TSX (26%)	3.00	320,181
S&P 500 (19.5%)	3.00	240,136
MSCI EAFE Net (19.5%)	3.00	240,136

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying funds. Detailed disclosure about the credit risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying funds. Detailed disclosure about the liquidity risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past four years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014
Net Assets and Net Asset Value Per Unit (\$)				
Series 5	5.66	5.26	5.06	—
Series 6	6.08	5.64	5.41	5.26
Series 7	6.19	5.71	5.45	5.28
Ratios and Supplemental Data				
Net Asset Value (\$000's)				
Series 5	10,267	4,003	82	—
Series 6	46,494	32,851	17,931	4,794
Series 7	7,538	4,195	986	497
Number of units outstanding (000)				
Series 5	1,812	761	16	—
Series 6	7,642	5,823	3,315	911
Series 7	1,218	735	181	94
Management expense ratio (MER) ¹ (%)				
Series 5	2.78	2.82	2.76	—
Series 6	2.58	2.59	2.68	2.68
Series 7	2.07	2.10	2.18	2.18
Portfolio turnover rate ² (%)	32.19	12.65	29.85	26.92

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – MAXIMUM GROWTH*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
BlackRock CDN US Equity Index Fund	32.6%
Desjardins Overseas Equity Value Fund	12.4%
DGIA Canadian Bond Fund	12.1%
Desjardins Overseas Equity Growth Fund	12.0%
Desjardins Canadian Equity Fund	7.8%
Franklin Bissett Canadian Equity Fund	7.8%
Fidelity True North® Fund	7.8%
Desjardins Enhanced Bond Fund	5.2%
Desjardins Short-Term Income Fund	2.0%
Cash and Cash Equivalents	0.3%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,947	9.5%	10,949	9.5%	11,014	10.1%
3 Years	—	—	11,976	6.2%	12,146	6.7%
Since Inception	11,700	7.4%	12,560	6.1%	12,800	6.6%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	25,862	5,680
Investments at fair value through profit or loss (FVTPL)	5,754,271	3,006,549
Premiums receivable	990	4,261
	<u>5,781,123</u>	<u>3,016,490</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	12,120	6,592
Withdrawals payable	1,053	432
Payable for securities purchased	618	1,207
	<u>13,791</u>	<u>8,231</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>5,767,332</u>	<u>3,008,259</u>
Net assets per unit		
Series 5	<u>5.85</u>	5.34
Series 6	<u>6.28</u>	5.74
Series 7	<u>6.40</u>	5.81

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	114,108	108,590
Changes in fair value:		
Net realized gain (loss) on investments	85,360	10,254
Net unrealized gain (loss) on investments	229,124	94,416
	<u>428,592</u>	<u>213,260</u>
EXPENSES		
Management fees and guarantee charge	92,424	57,630
Operating expenses	8,685	5,271
	<u>101,109</u>	<u>62,901</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>327,483</u>	<u>150,359</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	15,178	10,847
- per unit	<u>0.48</u>	0.48
Average Number of Units	<u>31,428</u>	22,517
SERIES 6		
Increase (Decrease) in Net Assets from Operations	271,058	135,877
- per unit	<u>0.53</u>	0.34
Average Number of Units	<u>512,835</u>	399,409
SERIES 7		
Increase (Decrease) in Net Assets from Operations	41,247	3,635
- per unit	<u>0.46</u>	0.34
Average Number of Units	<u>89,365</u>	10,820

The accompanying Notes are an integral part of these financial statements.

DFS GIF – MAXIMUM GROWTH (cont.)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	3,008,259	1,888,585
Increase (Decrease) in Net Assets from operations attributable to contract owners	327,483	150,359
Premiums		
Series 5	81,710	129,447
Series 6	1,735,095	891,994
Series 7	823,963	438,703
	2,640,768	1,460,144
Withdrawals		
Series 5	(1,287)	(11,468)
Series 6	(204,202)	(479,361)
Series 7	(3,689)	—
	(209,178)	(490,829)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	5,767,332	3,008,259

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	327,483	150,359
Adjustments for:		
Net realized gain (loss)	(85,360)	(10,254)
Net unrealized gain (loss)	(229,124)	(94,416)
Non-cash distribution from investments	(114,108)	(108,590)
Proceeds from sale/maturity of investments	1,561,895	618,528
Investments purchased	(3,881,025)	(1,524,761)
Accrued expenses	5,528	2,341
Payable for securities purchased	(589)	33
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(2,415,300)	(966,760)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	2,644,039	1,457,423
Amounts paid on withdrawals	(208,557)	(490,672)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	2,435,482	966,751
Increase (decrease) in cash/ bank overdraft	20,182	(9)
Cash (bank overdraft), beginning of year	5,680	5,689
CASH (BANK OVERDRAFT), END OF YEAR	25,862	5,680

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.8%)		\$	\$
BlackRock CDN US Equity Index Fund, Class D	84,460	1,744,487	1,875,357
Desjardins Canadian Equity Fund, I-Class	43,060	464,665	452,430
Desjardins Enhanced Bond Fund, I-Class	27,518	306,828	300,417
Desjardins Overseas Equity Growth Fund, I-Class	28,075	589,365	694,771
Desjardins Overseas Equity Value Fund, I-Class	43,342	660,715	714,582
Desjardins Short-Term Income Fund, I-Class	11,966	116,324	115,808
DGIA Canadian Bond Fund	69,675	709,685	701,655
Fidelity True North® Fund, Series O	8,923	424,812	448,818
Franklin Bissett Canadian Equity Fund, Series O	2,893	417,637	450,433
Total Investments		5,434,518	5,754,271
Other Net Assets (0.2%)			13,061
Net Assets (100%)			5,767,332

The accompanying Notes are an integral part of these financial statements.

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited

Security Name	Percentage of Portfolio
BLACKROCK CDN US EQUITY INDEX FUND 32.6%	
Apple	3.8%
Microsoft Corporation	2.9%
Amazon.com	2.1%
Facebook	1.9%
Berkshire Hathaway	1.7%
DESJARDINS OVERSEAS EQUITY VALUE FUND 12.4%	
Roche Holding AG	3.3%
AIA Group	3.2%
Novartis AG	2.8%
Whitbread	2.7%
Vodafone Group	2.7%
DGIA CANADIAN BOND FUND 12.1%	
Canada Housing Trust, 1.25%, June 15, 2021	4.6%
Government of Canada, 2.00%, June 1, 2028	3.3%
NHA MBS Merrill Lynch, 1.30%, August 1, 2021	3.3%
Province of Ontario, 2.85%, June 2, 2023	3.1%
Canada Housing Trust, 1.90%, September 15, 2026	2.7%
DESJARDINS OVERSEAS EQUITY GROWTH FUND 12.0%	
Tencent Holdings	6.9%
ASML Holding	4.7%
Alibaba Group Holding	4.4%
AIA Group	4.4%
Baidu, ADR	4.2%

DFS GIF – MAXIMUM GROWTH (cont.)

TOP FIVE HOLDINGS OF THE UNDERLYING FUNDS – unaudited (cont.)

Security Name	Percentage of Portfolio
DESJARDINS CANADIAN EQUITY FUND 7.8%	
Toronto-Dominion Bank	6.4%
Royal Bank of Canada	6.3%
Scotiabank	4.5%
Enbridge	4.3%
Suncor Energy	3.7%
FRANKLIN BISSETT CANADIAN EQUITY FUND 7.8%	
Brookfield Asset Management	6.7%
Canadian National Railway Company	5.5%
Royal Bank of Canada	5.2%
Toronto-Dominion Bank	5.1%
Restaurant Brands International	4.7%
FIDELITY TRUE NORTH® FUND 7.8%	
Toronto-Dominion Bank	8.6%
Canadian National Railway Company	4.3%
Suncor Energy	3.9%
Royal Bank of Canada	3.8%
Alimentation Couche-Tard	3.8%
DESJARDINS ENHANCED BOND FUND 5.2%	
Canada Housing Trust, 2.90%, June 15, 2024	7.0%
Province of Quebec, 3.50%, December 1, 2022	4.4%
Province of Quebec, 2.75%, September 1, 2027	4.0%
Province of Ontario, 2.40%, June 2, 2026	2.5%
Province of Quebec, 3.50%, December 1, 2048	2.3%
DESJARDINS SHORT-TERM INCOME FUND 2.0%	
Canada Housing Trust, 1.45%, June 15, 2020	9.0%
Canada Housing Trust, 1.25%, December 15, 2020	7.4%
NHA MBS Merrill Lynch, 1.37%, November 1, 2021	4.5%
Canada Housing Trust, 1.20%, June 15, 2020	4.5%
Government of Canada, 1.00%, June 1, 2027	3.1%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To maximize the appreciation of capital while still generating some income by investing in a number of different fixed income and equity underlying funds.

Strategy of the Fund

To invest in a wide array of underlying funds managed by using a multi-manager approach provided by acclaimed fund managers and sub-advisors.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	3,177,259	2,577,012	—	5,754,271
TOTAL	3,177,259	2,577,012	—	5,754,271

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	1,503,144	1,503,405	—	3,006,549
TOTAL	1,503,144	1,503,405	—	3,006,549

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Funds Risk Management

Monthly, the investment strategy team compares the Funds' performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Funds' performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Funds' investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Funds' managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying funds. Detailed disclosure about the currency risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – MAXIMUM GROWTH (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying funds. Detailed disclosure about the interest rate risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying funds. Detailed disclosure about the concentration risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying funds. Detailed disclosure about the price risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

As at December 31, 2017, the Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2017
Benchmarks	%	\$
FTSE TMX Canada Universe Bond (20%)	1.00	11,436
S&P/TSX (24%)	3.00	41,170
MSCI World Net (56%)	3.00	96,063

As at December 31, 2016, the Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, was as follows:

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2016
Benchmarks	%	\$
FTSE TMX Canada Universe Bond (20%)	1.00	6,017
S&P/TSX (32%)	3.00	28,879
S&P 500 (24%)	3.00	21,659
MSCI EAFE Net (24%)	3.00	21,659

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying funds. Detailed disclosure about the credit risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying funds. Detailed disclosure about the liquidity risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past four years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014
Net Assets and Net Asset Value Per Unit (\$)				
Series 5	5.85	5.34	5.06	—
Series 6	6.28	5.74	5.43	5.24
Series 7	6.40	5.81	5.48	5.27
Ratios and Supplemental Data				
Net Asset Value (\$000's)				
Series 5	226	131	2	—
Series 6	4,216	2,414	1,865	1,008
Series 7	1,325	463	21	20
Number of units outstanding (000)				
Series 5	39	24	1	—
Series 6	671	421	344	192
Series 7	207	80	4	4
Management expense ratio (MER)¹ (%)				
Series 5	2.76	2.87	2.81	—
Series 6	2.70	2.67	2.71	2.71
Series 7	2.24	2.24	2.24	2.24
Portfolio turnover rate² (%)	40.08	27.37	25.70	3.75

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Individual Funds

DFS GUARANTEED INVESTMENT FUND



DFS GIF - MONEY MARKET*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Royal Bank of Canada, 2.26%, March 12, 2018	7.1%
Daimler Canada Finance, 2.27%, March 26, 2018	6.4%
Canadian Imperial Bank of Commerce, Floating Rate, February 9, 2018	6.0%
Scotiabank, Notes, April 5, 2018	5.9%
Toronto-Dominion Bank, Notes, April 5, 2018	5.5%
Cadillac Fairview Financial, 3.64%, May 9, 2018	4.6%
Bank of Montreal, Floating Rate, March 29, 2018	4.3%
BMW Canada, Floating Rate, June 14, 2019	3.9%
Honda Canada Finance, 2.35%, June 4, 2018	3.9%
Ontario Treasury Bills, August 1, 2018	3.9%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 1		Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	9,947	-0.5%	9,946	-0.5%	9,975	-0.2%	10,008	0.1%	10,055	0.6%
3 Years	9,863	-0.5%	9,864	-0.5%	9,960	-0.1%	10,049	0.2%	10,195	0.6%
5 Years	9,834	-0.3%	9,834	-0.3%	9,994	0.0%	—	—	—	—
10 Years	9,818	-0.2%	9,815	-0.2%	10,139	0.1%	—	—	—	—
Since Inception	13,100	1.2%	12,037	1.0%	10,182	0.2%	10,060	0.2%	10,260	0.7%

	Series IGP	
	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	9,952	-0.5%
3 Years	9,883	-0.4%
5 Years	—	—
10 Years	—	—
Since Inception	9,880	-0.4%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	31,243	431,954
Investments at fair value through profit or loss (FVTPL)	33,511,044	36,019,646
Premiums receivable	334,030	133,906
	33,876,317	36,585,506
LIABILITIES		
Current Liabilities		
Accrued expenses	35,413	37,058
Withdrawals payable	325,511	146,581
Payable for securities purchased	—	81,033
	360,924	264,672
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	33,515,393	36,320,834
NET ASSETS PER UNIT		
Series 1	6.55	6.59
Series 3	6.56	6.60
Series 5	6.78	6.80
Series 6	5.03	5.03
Series 7	5.13	5.10
Series IGP	9.88	9.93

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	586,407	684,077
Changes in fair value:		
Net realized gain (loss) on investments	481,342	(443,915)
Net unrealized gain (loss) on investments	(666,332)	224,963
	401,417	465,125
EXPENSES		
Management fees and guarantee charge	302,670	304,199
Operating expenses	142,469	148,934
	445,139	453,133
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	(43,722)	11,992
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	(2,384)	(1,538)
- per unit	(0.04)	(0.02)
Average Number of Units	64,917	64,923
SERIES 3		
Increase (Decrease) in Net Assets from Operations	(14,001)	(10,059)
- per unit	(0.04)	(0.02)
Average Number of Units	367,261	413,414
SERIES 5		
Increase (Decrease) in Net Assets from Operations	(36,166)	(5,356)
- per unit	(0.01)	—
Average Number of Units	2,538,644	2,815,157
SERIES 6		
Increase (Decrease) in Net Assets from Operations	4,132	22,405
- per unit	—	0.01
Average Number of Units	2,320,252	1,872,093
SERIES 7		
Increase (Decrease) in Net Assets from Operations	11,483	11,792
- per unit	0.03	0.04
Average Number of Units	361,201	308,340
SERIES IGP		
Increase (Decrease) in Net Assets from Operations	(6,786)	(5,252)
- per unit	(0.05)	(0.03)
Average Number of Units	142,680	175,484

The accompanying Notes are an integral part of these financial statements.

DFS GIF - MONEY MARKET (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	36,320,834	35,116,746
Increase (Decrease) in Net Assets from operations attributable to contract owners	(43,722)	11,992
Premiums		
Series 1	199,625	54,933
Series 3	611,794	926,487
Series 5	4,730,702	7,956,100
Series 6	11,091,892	10,940,251
Series 7	3,938,099	3,420,916
Series IGP	45,795	329,539
	20,617,907	23,628,226
Withdrawals		
Series 1	(141,524)	(118,668)
Series 3	(887,517)	(1,875,372)
Series 5	(8,127,061)	(9,399,717)
Series 6	(9,441,264)	(8,739,316)
Series 7	(4,613,762)	(1,750,945)
Series IGP	(168,498)	(552,112)
	(23,379,626)	(22,436,130)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	33,515,393	36,320,834

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(43,722)	11,992
Adjustments for:		
Net realized gain (loss)	(481,342)	443,915
Net unrealized gain (loss)	666,332	(224,963)
Non-cash distribution from investments	(586,407)	(684,077)
Proceeds from sale/maturity of investments	17,093,043	15,797,003
Investments purchased	(14,183,024)	(16,099,923)
Accrued expenses	(1,645)	(1,407)
Payable for securities purchased	(81,033)	63,427
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	2,382,202	(694,033)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	20,417,783	23,964,247
Amounts paid on withdrawals	(23,200,696)	(22,873,558)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(2,782,913)	1,090,689
Increase (decrease) in cash/bank overdraft	(400,711)	396,656
Cash (bank overdraft), beginning of year	431,954	35,298
CASH (BANK OVERDRAFT), END OF YEAR	31,243	431,954

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.0%)		\$	\$
DGIA Money Market Fund	3,501,687	32,850,567	33,511,044
Total Investments		32,850,567	33,511,044
Other Net Assets (0.0%)			4,349
Net Assets (100%)			33,515,393

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Royal Bank of Canada, 2.26%, March 12, 2018	7.1%
Daimler Canada Finance, 2.27%, March 26, 2018	6.4%
Canadian Imperial Bank of Commerce, Floating Rate, February 9, 2018	6.0%
Scotiabank, Notes, April 5, 2018	5.9%
Toronto-Dominion Bank, Notes, April 5, 2018	5.5%
Cadillac Fairview Financial, 3.64%, May 9, 2018	4.6%
Bank of Montreal, Floating Rate, March 29, 2018	4.3%
BMW Canada, Floating Rate, June 14, 2019	3.9%
Honda Canada Finance, 2.35%, June 4, 2018	3.9%
Ontario Treasury Bills, August 1, 2018	3.9%
Toronto-Dominion Bank, Notes, May 16, 2018	3.3%
National Bank of Canada, 2.794%, August 9, 2018	3.2%
BMW Canada, 2.33%, September 26, 2018	3.1%
Scotiabank, Notes, May 18, 2018	3.1%
National Bank of Canada, Notes, September 6, 2018	3.1%
Canadian Imperial Bank of Commerce, Notes, June 8, 2018	2.9%
Daimler Canada Finance, Floating Rate, July 8, 2019	2.8%
Société de transport de Montréal, Notes, February 15, 2018	2.6%
Ontario Electricity Financial Corporation, Stripped, February 6, 2018	2.2%
Ontario Treasury Bills, January 10, 2018	2.0%
Société de transport de Montréal, Notes, February 28, 2018	2.0%
Bank of Montreal, Notes, March 12, 2018	2.0%
Quebec Treasury Bills, September 28, 2018	1.9%
Toyota Credit Canada, Floating Rate, February 25, 2019	1.6%
John Deere Canada Funding, 1.75%, January 28, 2019	1.6%

DFS GIF - MONEY MARKET (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To provide a higher level of interest income than can normally be obtained from savings accounts, combined with a high level of liquidity and safety of capital.

Strategy of the Fund

To invest primarily in Canadian government treasury bills and in bankers' acceptances, which have a maximum maturity of 12 months. The Fund's modified duration may not exceed 180 days.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	33,511,044	—	33,511,044
TOTAL	—	33,511,044	—	33,511,044

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	36,019,646	—	36,019,646
TOTAL	—	36,019,646	—	36,019,646

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

As at December 31, 2017, the Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2017
Benchmarks	%	\$
FTSE TMX Canada 91 Day Treasury Bills	0.25	94,255

As at December 31, 2016, the Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, was as follows:

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2016
Benchmarks	%	\$
FTSE TMX Canada 91 Day Treasury Bills	0.25	90,802

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF - MONEY MARKET (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 1	6.55	6.59	6.61	6.64	6.65
Series 3	6.56	6.60	6.62	6.65	6.66
Series 5	6.78	6.80	6.80	6.81	6.80
Series 6	5.03	5.03	5.01	5.01	—
Series 7	5.13	5.10	5.06	5.03	—
Series IGP	9.88	9.93	9.96	10.00	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 1	444	388	453	582	642
Series 3	1,983	2,273	3,232	2,997	4,012
Series 5	15,508	18,941	20,390	20,252	25,127
Series 6	12,393	10,738	8,515	1,628	—
Series 7	1,839	2,503	821	843	—
Series IGP	1,349	1,478	1,706	1,853	—
Number of units outstanding (000)					
Series 1	68	59	69	88	96
Series 3	302	345	488	451	602
Series 5	2,287	2,787	2,999	2,975	3,695
Series 6	2,465	2,137	1,698	325	—
Series 7	358	491	162	167	—
Series IGP	137	149	171	185	—
Management expense ratio (MER)¹ (%)					
Series 1	1.72	1.72	1.72	1.72	1.72
Series 3	1.73	1.71	1.72	1.73	1.72
Series 5	1.38	1.38	1.39	1.39	1.40
Series 6	1.13	1.12	1.10	1.11	—
Series 7	0.58	0.61	0.63	0.63	—
Series IGP	1.65	1.66	1.66	1.67	—
Portfolio turnover rate ² (%)	39.94	43.22	27.15	287.24	n/a

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – INCOME – FIERA CAPITAL*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Fiera Active Short Term Canadian Municipal Bond Fund	14.7%
Province of Ontario, 2.85%, June 2, 2023	5.5%
Province of Ontario, 3.50%, June 2, 2024	4.9%
Canada Housing Trust, Floating Rate, September 15, 2021	3.8%
Province of Ontario, 3.45%, June 2, 2045	3.1%
Government of Canada, 1.00%, June 1, 2027	3.1%
Canada Housing Trust, 2.40%, December 15, 2022	3.1%
Government of Canada, 2.50%, June 1, 2024	2.4%
Canada Housing Trust, 1.25%, June 15, 2021	2.4%
Province of Quebec, 3.50%, December 1, 2045	2.2%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 1		Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	9,976	-0.2%	10,010	0.1%	10,079	0.8%	10,093	0.9%	10,160	1.6%
3 Years	9,899	-0.3%	9,995	0.0%	10,197	0.7%	10,249	0.8%	10,416	1.4%
5 Years	10,006	0.0%	10,169	0.3%	10,510	1.0%	—	—	—	—
10 Years	12,353	2.1%	12,746	2.5%	13,557	3.1%	—	—	—	—
Since Inception	20,020	3.2%	17,212	2.9%	13,820	3.2%	10,700	1.8%	10,920	2.3%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – INCOME – FIERA CAPITAL (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	67,358,364	84,355,749
Investments at fair value through profit or loss (FVTPL) pledged as collateral	16,617,782	14,399,694
Premiums receivable	82,578	148,258
Receivable for securities sold	—	1,229,118
Cash guarantee received for repurchase transactions	10,244,120	13,421,407
Interest, dividends and other receivables	371,890	468,394
	<u>94,674,734</u>	<u>114,022,620</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	9,766	35,818
Accrued expenses	141,422	166,273
Withdrawals payable	193,123	695,862
Payable for securities purchased	—	1,158,574
Commitments related to repurchase transactions	10,244,120	13,421,407
	<u>10,588,431</u>	<u>15,477,934</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>84,086,303</u>	98,544,686
NET ASSETS PER UNIT		
Series 1	<u>10.01</u>	10.03
Series 3	<u>10.62</u>	10.61
Series 5	<u>11.31</u>	11.22
Series 6	<u>5.35</u>	5.30
Series 7	<u>5.46</u>	5.37

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	2,315,061	2,961,777
Distributions from underlying funds	190,141	182,155
Revenue from securities lending and repurchase transactions	18,484	17,033
Changes in fair value:		
Net realized gain (loss) on investments	2,145,283	860,210
Net unrealized gain (loss) on investments	<u>(2,125,277)</u>	<u>(1,990,455)</u>
	<u>2,543,692</u>	<u>2,030,720</u>
EXPENSES		
Management fees and guarantee charge	1,232,142	1,423,048
Operating expenses	578,746	690,707
	<u>1,810,888</u>	<u>2,113,755</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>732,804</u>	<u>(83,035)</u>
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	<u>(81)</u>	(18,053)
- per unit	<u>—</u>	(0.09)
Average Number of Units	<u>157,048</u>	211,414
SERIES 3		
Increase (Decrease) in Net Assets from Operations	<u>18,073</u>	(43,607)
- per unit	<u>0.02</u>	(0.04)
Average Number of Units	<u>774,715</u>	974,555
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>596,974</u>	53,635
- per unit	<u>0.10</u>	0.01
Average Number of Units	<u>6,139,115</u>	7,283,321
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>95,812</u>	(63,631)
- per unit	<u>0.05</u>	(0.04)
Average Number of Units	<u>1,807,040</u>	1,440,762
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>22,026</u>	(11,379)
- per unit	<u>0.09</u>	(0.15)
Average Number of Units	<u>234,852</u>	78,181

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	98,544,686	107,356,693
Increase (Decrease) in Net Assets from operations attributable to contract owners	732,804	(83,035)
Premiums		
Series 1	128,190	99,059
Series 3	303,450	599,692
Series 5	4,820,998	8,330,614
Series 6	2,935,950	5,055,842
Series 7	876,055	1,358,442
	9,064,643	15,443,649
Withdrawals		
Series 1	(785,389)	(707,419)
Series 3	(1,976,163)	(2,721,479)
Series 5	(18,414,166)	(18,991,379)
Series 6	(2,891,462)	(1,238,813)
Series 7	(188,650)	(513,531)
	(24,255,830)	(24,172,621)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	84,086,303	98,544,686

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	732,804	(83,035)
Adjustments for:		
Net realized gain (loss)	(2,145,283)	(860,210)
Net unrealized gain (loss)	2,125,277	1,990,455
Non-cash distribution from investments	(190,141)	(182,155)
Proceeds from sale/maturity of investments	369,530,239	324,156,081
Investments purchased	(354,540,723)	(316,592,879)
Receivable for securities sold	1,229,118	(1,229,118)
Cash guarantee received for repurchase transactions	3,177,287	(1,313,523)
Interest, dividends and other receivables	96,504	53,010
Accrued expenses	(24,851)	(16,374)
Commitments related to repurchase transactions	(3,177,287)	1,313,523
Payable for securities purchased	(1,158,574)	1,158,574
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	15,654,370	8,394,349
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	9,130,323	15,344,462
Amounts paid on withdrawals	(24,758,569)	(23,764,374)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(15,628,246)	(8,419,912)
Effect of exchange rate changes on foreign cash	(72)	(34)
Increase (decrease) in cash/ bank overdraft	26,052	(25,597)
Cash (bank overdraft), beginning of year	(35,818)	(10,221)
CASH (BANK OVERDRAFT), END OF YEAR	(9,766)	(35,818)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	2,419,199	3,014,804
Interest paid	56	17

The accompanying Notes are an integral part of these financial statements.

DFS GIF – INCOME – FIERA CAPITAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

		Par Value	Cost	Fair Value
			\$	\$
BONDS (85.1%)				
Canadian Bonds (84.9%)				
Government of Canada (24.4%)				
Canada Housing Trust				
1.250%, 2021-06-15	CAD	2,050,000	2,009,554	1,999,944
floating rate, 2021-09-15	CAD	3,179,000	3,211,604	3,213,937
2.400%, 2022-12-15*	CAD	2,570,000	2,619,832	2,601,180
Export Development Canada				
1.800%, 2022-09-01	CAD	175,000	174,758	172,870
Government of Canada				
Series B378, 1.250%, 2018-09-01*	CAD	200,000	199,746	199,863
Series G401, 0.500%, 2019-02-01*	CAD	1,448,000	1,430,420	1,431,981
2.500%, 2024-06-01*	CAD	1,965,000	2,050,942	2,030,657
Series E679, 1.500%, 2026-06-01*	CAD	320,000	315,613	307,094
1.000%, 2027-06-01*	CAD	2,875,000	2,627,669	2,620,107
5.750%, 2033-06-01*	CAD	768,000	1,148,307	1,127,263
4.000%, 2041-06-01*	CAD	585,000	760,587	767,245
3.500%, 2045-12-01*	CAD	240,000	303,888	300,076
2.750%, 2048-12-01*	CAD	1,649,000	1,848,192	1,826,460
PSP Capital				
Series 7, 3.290%, 2024-04-04	CAD	345,000	330,135	362,697
Royal Office Finance				
Series A, 5.209%, 2032-11-12	CAD	1,269,072	1,150,960	1,535,777
			<u>20,182,207</u>	<u>20,497,151</u>
Provincial Governments and Crown Corporations (29.2%)				
Hospital for Sick Children				
Series B, 3.416%, 2057-12-07	CAD	362,000	362,000	361,513
Ontario Infrastructure				
4.700%, 2037-06-01	CAD	80,000	71,858	96,983
Ontario School Boards Financing				
Private Placement, Series 06A1, 5.070%, 2031-04-18	CAD	481,690	432,135	531,046
Ornge Issuer Trust				
5.727%, 2034-06-11	CAD	255,647	234,074	297,478
Province of Alberta				
3.300%, 2046-12-01	CAD	679,000	713,127	717,043
3.050%, 2048-12-01*	CAD	389,000	387,063	393,322
Province of New Brunswick				
3.100%, 2048-08-14	CAD	102,000	103,086	101,912
Province of Newfoundland and Labrador				
3.700%, 2048-10-17	CAD	510,000	546,490	557,017
Province of Ontario				
1.950%, 2023-01-27*	CAD	213,000	213,581	210,046
2.850%, 2023-06-02	CAD	4,532,000	4,140,105	4,657,715
3.500%, 2024-06-02	CAD	3,849,000	3,866,252	4,096,974
2.600%, 2025-06-02*	CAD	518,000	534,300	521,375
3.500%, 2043-06-02	CAD	822,000	887,760	903,129
3.450%, 2045-06-02	CAD	2,416,000	2,582,680	2,642,613
2.900%, 2046-12-02*	CAD	143,000	142,676	141,685
Province of Québec				
1.650%, 2022-03-03	CAD	579,000	578,392	568,018
3.500%, 2022-12-01	CAD	853,000	909,486	903,125

* Securities pledged as collateral, in part or in whole, through the securities lending program.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

		Par Value	Cost	Fair Value
			\$	\$
Province of Québec (cont.)				
2.750%, 2025-09-01	CAD	859,000	895,079	874,011
5.750%, 2036-12-01*	CAD	296,000	407,829	420,193
4.250%, 2043-12-01	CAD	796,000	777,244	985,472
3.500%, 2045-12-01	CAD	1,687,000	1,730,440	1,868,329
3.500%, 2048-12-01	CAD	509,000	570,441	569,401
Province of Saskatchewan				
3.900%, 2045-06-02	CAD	550,000	650,727	641,737
TCHC Issuer Trust				
4.877%, 2037-05-11	CAD	287,000	238,639	349,788
Series B, 5.395%, 2040-02-22	CAD	884,000	879,524	1,170,183
University of Western Ontario				
Series B, 3.388%, 2057-12-04	CAD	17,800	177,996	177,147
			<u>23,032,984</u>	<u>24,757,255</u>
Municipalities and Semi-Public Institutions (3.7%)				
City of Chambly				
2.500%, 2022-10-18	CAD	180,000	179,023	178,630
City of Lévis				
2.850%, 2027-11-30	CAD	942,000	928,831	928,360
City of Longueuil				
2.850%, 2027-11-14	CAD	862,000	859,474	850,001
City of Rosemère				
2.350%, 2022-11-08	CAD	155,000	152,692	152,951
City of Saint-Jérôme				
2.550%, 2022-10-04	CAD	305,000	304,128	303,506
City of Val-d'Or				
1.900%, 2021-09-01	CAD	145,000	142,055	141,936
Société de transport de Laval				
2.300%, 2022-11-15	CAD	541,000	532,685	533,058
			<u>3,098,888</u>	<u>3,088,442</u>
Corporations (27.6%)				
Bank of Montreal				
2.270%, 2022-07-11	CAD	1,110,000	1,109,944	1,098,591
2.700%, 2024-09-11	CAD	1,360,000	1,359,823	1,359,539
3.340%, (floating rate from 2020-12-08), 2025-12-08	CAD	375,000	374,861	381,793
3.320%, (floating rate from 2021-06-01), 2026-06-01	CAD	429,000	428,940	436,401
Blackbird Infrastructure 407 General Partners				
Series B, 1.713%, (floating rate from 2020-01-08), 2021-10-08	CAD	229,000	227,216	225,472
Canadian Imperial Bank of Commerce				
2.350%, 2019-06-24	CAD	56,000	53,675	56,248
3.000%, (floating rate from 2019-10-28), 2024-10-28	CAD	88,000	88,208	88,814
3.420%, (floating rate from 2021-01-26), 2026-01-26	CAD	364,000	365,284	371,169
Canadian Utilities				
4.543%, 2041-10-24	CAD	57,000	59,605	66,724
4.722%, 2043-09-09	CAD	223,000	251,453	269,770
4.085%, 2044-09-02	CAD	91,000	93,197	100,303
3.763%, 2046-11-19	CAD	45,000	45,000	47,311
Capital City Link				
Series A, 4.386%, 2046-03-31	CAD	456,213	409,129	495,390
CHIP Mortgage Trust				
3.663%, 2038-09-25	CAD	1,000	957	1,011

* Securities pledged as collateral, in part or in whole, through the securities lending program.

DFS GIF – INCOME – FIERA CAPITAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

		Par Value	Cost	Fair Value
			\$	\$
CIBC Capital Trust				
9.976%, (floating rate from 2019-06-30), 2108-06-30	CAD	430,000	488,089	474,778
CSS (FSCC) Partnership				
6.915%, 2042-07-31	CAD	93,995	108,516	126,466
Enbridge				
7.220%, 2030-07-24	CAD	50,000	52,479	63,878
4.570%, 2044-03-11	CAD	100,000	92,744	100,993
5.375%, (floating rate from 2027-09-27), 2077-09-27	CAD	65,000	65,000	64,781
Fédération des Caisses Desjardins du Québec				
2.443%, 2019-07-17	CAD	840,000	805,831	844,713
Grand Renewable Solar				
Series 1A, 3.926%, 2035-01-31	CAD	269,409	269,409	266,194
Health Montréal Collective, Private Placement				
Series 144A, 6.721%, 2049-09-30	CAD	918,000	1,055,751	1,249,049
Hospital Infrastructure				
Series A, 5.439%, 2045-01-31	CAD	201,673	185,580	236,608
IGM Financial				
3.440%, 2027-01-26	CAD	263,000	262,824	263,712
Integrated Team Solutions SJHC				
5.946%, 2042-11-30	CAD	195,664	180,850	245,666
Laurentian Bank of Canada				
2.750%, 2021-04-22	CAD	115,000	114,755	114,538
Melancthon Wolfe Wind				
3.834%, 2028-12-31	CAD	199,280	199,304	202,773
North West Redwater Partnership				
Series A, 3.200%, 2024-07-22	CAD	117,000	112,248	119,047
3.200%, 2026-04-24	CAD	234,000	233,502	236,024
Series F, 4.250%, 2029-06-01	CAD	203,000	202,436	220,266
Northland Power Solar Finance Limited Partnership				
Series A, 4.958%, 2032-12-31	CAD	229,673	218,931	253,712
Plenary Properties				
6.288%, 2044-01-31	CAD	378,922	367,715	506,440
Reliance				
Series 2, 5.187%, 2019-03-15	CAD	386,000	377,822	397,519
Royal Bank of Canada				
2.260%, 2018-03-12	CAD	515,000	486,798	515,826
2.820%, 2018-07-12	CAD	250,000	239,188	251,500
1.400%, 2019-04-26	CAD	1,095,000	1,094,650	1,088,112
1.583%, 2021-09-13*	CAD	29,000	29,000	28,134
3.040%, (floating rate from 2019-07-17), 2024-07-17	CAD	165,000	158,228	166,544
2.990%, (floating rate from 2019-12-06), 2024-12-06	CAD	860,000	810,661	871,313
2.480%, (floating rate from 2020-06-04), 2025-06-04*	CAD	605,000	604,885	603,708
Scotiabank				
2.370%, 2018-01-11	CAD	1,510,000	1,439,255	1,510,196
2.242%, 2018-03-22	CAD	916,000	865,789	917,641
3.367%, (floating rate from 2020-12-08), 2025-12-08*	CAD	637,000	637,000	649,076
SGTP Highway Bypass				
Series A, 4.105%, 2045-01-31	CAD	435,000	435,000	457,321
SNC-Lavalin Innisfree McGill Finance				
6.632%, 2044-06-30	CAD	395,729	417,744	513,245
Teranet Income Fund				
5.754%, 2040-12-17	CAD	567,000	550,310	603,367
6.100%, 2041-06-17	CAD	743,000	719,970	821,285

* Securities pledged as collateral, in part or in whole, through the securities lending program.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

		Par Value	Cost	Fair Value
			\$	\$
Toronto-Dominion Bank				
2.447%, 2019-04-02	CAD	805,000	772,170	809,940
2.563%, 2020-06-24	CAD	250,000	239,817	252,032
1.680%, 2021-06-08	CAD	150,000	149,943	146,974
2.692%, (floating rate from 2020-06-24), 2025-06-24	CAD	345,000	345,000	345,979
3.224%, (floating rate from 2024-07-25), 2029-07-25	CAD	44,000	44,000	43,989
TransCanada PipeLines				
8.050%, 2039-02-17	CAD	233,000	346,620	367,309
TransCanada Trust				
Series 17-A, 4.650%, (floating rate from 2027-05-18), 2077-05-18	CAD	622,000	621,712	621,339
TransLink				
3.150%, 2048-11-16	CAD	507,000	506,204	504,411
			<u>21,775,022</u>	<u>23,074,934</u>
TOTAL CANADIAN BONDS			<u>68,089,101</u>	<u>71,417,782</u>
U.S. BONDS (0.2%)				
Sinai Health System				
Series A, 3.527%, 2056-06-09	CAD	151,000	151,000	148,653
TOTAL BONDS			<u>68,240,101</u>	<u>71,566,435</u>
		<u>Number of Units</u>		
INVESTMENT FUNDS (14.7%)				
Fiera Active Short Term Canadian Municipal Bond Fund		1,236,204	12,366,719	12,334,849
		<u>Par Value</u>		
MONEY MARKET SECURITIES (0.1%)				
Canada Treasury Bills				
2018-03-08	CAD	75,000	74,862	74,862
TOTAL INVESTMENTS (99.9%)			<u>80,681,682</u>	<u>83,976,146</u>
OTHER NET ASSETS (0.1%)				<u>110,157</u>
NET ASSETS (100%)				<u>84,086,303</u>

The accompanying Notes are an integral part of these financial statements.

TOP 5 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
FIERA ACTIVE SHORT TERM CANADIAN MUNICIPAL BOND FUND 14.7%	
Province of Ontario, 2.10%, September 8, 2018	4.4%
Province of Ontario, 4.00%, June 2, 2021	3.0%
Province of Ontario, 2.85%, June 2, 2023	3.0%
Province of Ontario, 2.10%, September 8, 2019	2.2%
City of Magog, 2.00%, September 2, 2020	1.6%

DFS GIF – INCOME – FIERA CAPITAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To provide above-average interest income with some potential for capital growth by investing primarily in bonds and other interest-bearing instruments of Canadian federal and provincial governments and investment-grade corporations.

Strategy of the Fund

To place emphasis primarily on medium and long-term maturities. Such maturities normally provide higher returns and better potential for capital gains but also higher variability of performance during periods of rapidly changing interest rates.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Bonds	43,887,222	27,679,213	—	71,566,435
Investment Funds	—	12,334,849	—	12,334,849
Money Market Securities	74,862	—	—	74,862
TOTAL	43,962,084	40,014,062	—	83,976,146

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Bonds	47,577,216	40,438,153	—	88,015,369
Investment Funds	—	9,103,703	—	9,103,703
Mortgage-Backed Securities	—	203,063	—	203,063
Asset-Backed Securities	—	643,947	—	643,947
Money Market Securities	789,361	—	—	789,361
TOTAL	48,366,577	50,388,866	—	98,755,443

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

FINANCIAL INSTRUMENTS RISKS (Note 7)

Currency Risk

Part of the Fund's Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

As at December 31, 2017 and 2016, the majority of the Fund's financial assets and liabilities are denominated in Canadian dollars. As a result, the Fund is not significantly exposed to currency risk.

Interest Rate Risk

Part of the Fund's Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The following table summarizes the Fund's exposure to interest rate risk. It includes the Fund's financial assets and liabilities at fair value, categorized by the earlier of contractual re-pricing or maturity dates. The table also illustrates the impact on the Net Assets Attributable to Contract Owners, had prevailing interest rates changed by 0.25%, assuming a parallel shift in the yield curve, with all other variables held constant.

	Less than 1 Year	1 to 5 Years	5 to 10 Years	Greater than 10 Years	Total	Impact on Net Assets Attributable to Contract Owners
	\$	\$	\$	\$	\$	\$
December 31, 2017	6,674,059	18,439,047	20,167,468	26,350,957	71,631,531	1,323,425
December 31, 2016	5,172,690	32,135,256	24,044,045	28,263,931	89,615,922	1,459,471

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Concentration Risk

Part of the Fund's Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The following table summarizes the concentration risk, as a percentage of the Net Assets Attributable to Contract Owners:

December 31, 2017		December 31, 2016	
Market Segment	%	Market Segment	%
Canadian Bonds		Canadian Bonds	
Provincial Governments and Crown Corporations	29.2	Corporations	36.9
Corporations	27.6	Provincial Governments and Crown Corporations	32.4
Government of Canada	24.4	Government of Canada	19.9
Municipalities and Semi-Public Institutions	3.7	U.S. Bonds	0.1
Income Investment Funds	14.7	Income Investment Fund	9.2
U.S. Bonds	0.2	Money Market Securities	0.8
Money Market Securities	0.1	Asset-Backed Securities	0.7
Other Net Assets	0.1	Mortgage-Backed Securities	0.2
TOTAL	100	Other Net Assets	(0.2)
		TOTAL	100

DFS GIF – INCOME – FIERA CAPITAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Price Risk

The Fund may trade in financial instruments and take positions in over-the-counter instruments.

Part of the Fund's Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond	1.00	774,872	919,997

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

Part of the Fund's Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Fund's credit risk is mainly concentrated in fixed-income securities. Their fair values include consideration of the issuers' creditworthiness and accordingly, represent the Fund's maximum exposure to credit risk.

Portfolio's Fixed-Income Securities by Credit Rating Category

Credit Rating	Percentage of Fixed-Income Securities	
	December 31, 2017	December 31, 2016
	%	%
AAA	30	26
AA	38	39
A	17	21
BBB	11	14
Not Rated	4	—
TOTAL	100	100

Securities Lending and Repurchase Transactions

As part of its securities lending against cash and repurchase transactions, the Fund is exposed to counterparty credit risk.

The carrying amount of financial assets lent part of repurchase transaction is:

	\$
December 31, 2017	10,208,819
December 31, 2016	13,449,419

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

As part of its reverse repurchase transactions, the fund is permitted to sell or repledge in the absence of default the financial assets held as collateral.

The fair value of those financial assets is:

	\$
December 31, 2017	2,076,041
December 31, 2016	9,655,994

The fair value of financial assets accepted as collateral which have been sold or repledged totalled:

	\$
December 31, 2017	25,568
December 31, 2016	—

These financial assets were received as collateral as part of transactions involving reverse repurchase agreements.

Liquidity Risk

Part of the Fund's Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DERECOGNITION OF FINANCIAL ASSETS

Securities Lending and Repurchase Transactions

As part of transactions involving securities lending or repurchase transactions, the Fund transfers financial assets under terms and conditions providing for their future repurchase. These financial assets remain recognized in the "Investments at fair value through profit or loss pledged as collateral" of the Statement of Financial Position as the Fund retains substantially all the risks and rewards related to these assets.

	December 31, 2017	December 31, 2016
	\$	\$
Investments at FVTPL pledged as collateral	16,617,782	14,399,694
Value of Collateral received	16,950,139	14,687,688

The Funds require collateral in the form of cash or such other securities as may be acceptable to Desjardins Financial Security and that have an aggregate value of no less than 102% of the loaned securities fair value.

The following table presents the carrying amount and the fair value of financial assets transferred by the Fund but not derecognized as well as the related liabilities recognized in "Commitments related to repurchase transactions" and "Commitments related to securities lending" of the Statement of Financial Position.

	December 31, 2017	December 31, 2016
	Fair Value*	Fair Value*
	\$	\$
Financial assets	10,208,819	13,449,419
Related liabilities	10,218,183	13,421,407

*The fair value equals carrying amount.

RECONCILIATION OF INCOME FROM SECURITIES LENDING AND REPURCHASE TRANSACTIONS (Note 2)

The following table shows a reconciliation of the total income generated from securities lending transactions of the Fund and the revenue from securities lending and repurchase transactions disclosed in the Fund's Statement of Comprehensive Income.

	December 31, 2017		December 31, 2016	
	\$	%	\$	%
Total Income	30,807	100	28,388	100
Net Income received by the Fund	18,484	60	17,033	60
Net Income received by Desjardins Trust	12,323	40	11,355	40

DFS GIF – INCOME – FIERA CAPITAL (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 1	10.01	10.03	10.15	10.11	9.58
Series 3	10.62	10.61	10.69	10.63	10.03
Series 5	11.31	11.22	11.24	11.09	10.40
Series 6	5.35	5.30	5.30	5.22	—
Series 7	5.46	5.37	5.34	5.24	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 1	1,309	1,967	2,593	3,045	3,557
Series 3	7,610	9,265	11,430	8,354	10,367
Series 5	63,634	76,630	87,237	95,792	114,786
Series 6	9,699	9,559	5,805	2,513	—
Series 7	1,834	1,124	291	60	—
Number of units outstanding (000)					
Series 1	131	196	256	301	371
Series 3	716	873	1,069	786	1,034
Series 5	5,627	6,829	7,765	8,637	11,034
Series 6	1,813	1,803	1,096	482	—
Series 7	336	209	54	11	—
Management expense ratio (MER)¹ (%)					
Series 1	2.95	2.93	2.93	2.94	2.93
Series 3	2.61	2.61	2.61	2.62	2.61
Series 5	1.96	1.96	1.96	1.96	1.95
Series 6	1.78	1.77	1.79	1.80	—
Series 7	1.20	1.22	1.31	1.32	—
Portfolio turnover rate² (%)	372.76	289.12	180.62	198.10	209.96

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN BOND*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Canada Housing Trust, 1.25%, June 15, 2021	4.6%
Government of Canada, 2.00%, June 1, 2028	3.3%
NHA MBS Merrill Lynch, 1.30%, August 1, 2021	3.3%
Province of Ontario, 2.85%, June 2, 2023	3.1%
Canada Housing Trust, 1.90%, September 15, 2026	2.7%
Province of Ontario, 3.15%, June 2, 2022	2.5%
Bank of Montreal, 2.70%, September 11, 2024	2.4%
Canada Housing Trust, 2.00%, December 15, 2019	2.3%
Financement-Québec, 5.25%, June 1, 2034	2.3%
Royal Bank of Canada, 2.36%, December 5, 2022	2.2%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,057	0.6%	10,070	0.7%	10,129	1.3%
Since Inception	10,140	0.6%	10,180	0.8%	10,300	1.3%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – CANADIAN BOND (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	8,662	6,230
Investments at fair value through profit or loss (FVTPL)	37,281,069	40,138,962
Premiums receivable	22,756	166,413
Receivable for securities sold	13,982	58,765
	<u>37,326,469</u>	<u>40,370,370</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	59,173	63,066
Withdrawals payable	107,019	269,234
	<u>166,192</u>	<u>332,300</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>37,160,277</u>	40,038,070
NET ASSETS PER UNIT		
Series 5	<u>5.07</u>	5.04
Series 6	<u>5.09</u>	5.05
Series 7	<u>5.15</u>	5.08

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	—	12,992
Distributions from underlying funds	1,019,917	1,217,976
Changes in fair value:		
Net realized gain (loss) on investments	(18,769)	85,748
Net unrealized gain (loss) on investments	(1,919)	(499,642)
	<u>999,229</u>	<u>817,074</u>
EXPENSES		
Management fees and guarantee charge	492,545	533,230
Operating expenses	233,658	265,899
	<u>726,203</u>	<u>799,129</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>273,026</u>	17,945
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>222,631</u>	63,786
- per unit	<u>0.04</u>	0.01
Average Number of Units	<u>6,309,758</u>	7,315,219
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>46,619</u>	(47,018)
- per unit	<u>0.04</u>	(0.06)
Average Number of Units	<u>1,227,297</u>	762,350
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>3,776</u>	1,177
- per unit	<u>0.07</u>	0.04
Average Number of Units	<u>51,259</u>	30,999

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	40,038,070	41,173,371
Increase (Decrease) in Net Assets from operations attributable to contract owners	273,026	17,945
Premiums		
Series 5	3,846,989	3,809,938
Series 6	2,272,645	3,862,779
Series 7	253,106	13,423
	6,372,740	7,686,140
Withdrawals		
Series 5	(8,311,275)	(7,911,331)
Series 6	(1,135,693)	(927,429)
Series 7	(76,591)	(626)
	(9,523,559)	(8,839,386)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	37,160,277	40,038,070

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	273,026	17,945
Adjustments for:		
Net realized gain (loss)	18,769	(85,748)
Net unrealized gain (loss)	1,919	499,642
Non-cash distribution from investments	(1,019,917)	(1,217,976)
Proceeds from sale/maturity of investments	6,441,385	5,287,903
Investments purchased	(2,584,263)	(3,336,796)
Receivable for securities sold	44,783	(3,925)
Accrued expenses	(3,893)	(3,742)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	3,171,809	1,157,303
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	6,516,397	7,541,440
Amounts paid on withdrawals	(9,685,774)	(8,678,250)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(3,169,377)	(1,136,810)
Increase (decrease) in cash/ bank overdraft	2,432	20,493
Cash (bank overdraft), beginning of year	6,230	(14,263)
CASH (BANK OVERDRAFT), END OF YEAR	8,662	6,230

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN BOND (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
DGIA Canadian Bond Fund	3,702,052	37,674,520	37,281,069
Total Investments		37,674,520	37,281,069
Other Net Assets (-0.3%)			(120,792)
Net Assets (100%)			37,160,277

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Canada Housing Trust, 1.25%, June 15, 2021	4.6%
Government of Canada, 2.00%, June 1, 2028	3.3%
NHA MBS Merrill Lynch, 1.30%, August 1, 2021	3.3%
Province of Ontario, 2.85%, June 2, 2023	3.1%
Canada Housing Trust, 1.90%, September 15, 2026	2.7%
Province of Ontario, 3.15%, June 2, 2022	2.5%
Bank of Montreal, 2.70%, September 11, 2024	2.4%
Canada Housing Trust, 2.00%, December 15, 2019	2.3%
Financement-Québec, 5.25%, June 1, 2034	2.3%
Royal Bank of Canada, 2.36%, December 5, 2022	2.2%
Scotiabank, 2.40%, October 28, 2019	2.1%
Province of Ontario, 6.50%, March 8, 2029	2.0%
Province of Ontario, 2.80%, June 2, 2048	1.9%
Royal Bank of Canada, 2.35%, December 9, 2019	1.9%
Government of Canada, 2.75%, December 1, 2048	1.9%
Province of Ontario, 2.60%, June 2, 2025	1.8%
Province of British Columbia, 2.80%, June 18, 2048	1.8%
Bank of Montreal, 2.43%, March 4, 2019	1.8%
Province of Quebec, 3.50%, December 1, 2045	1.7%
NHA MBS Merrill Lynch, 1.42%, June 1, 2022	1.7%
Government of Canada, 1.00%, June 1, 2027	1.6%
Province of Ontario, 4.65%, June 2, 2041	1.6%
NHA MBS Merrill Lynch, 1.37%, November 1, 2021	1.6%
Toronto-Dominion Bank, 2.447%, April 2, 2019	1.5%
Toronto-Dominion Bank, 1.994%, March 23, 2022	1.5%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide regular income and capital security by investing in a portfolio of fixed-income securities from the Canadian bond market.

Strategy of the Fund

This Fund, actively managed, aims to provide regular income and capital security by investing in a portfolio of fixed-income securities from the Canadian bond market. The Fund employs a fundamental investment approach targeting a consistent allocation of value added sources. The strategy seeks to add value through management of duration, yield curve and credit risk.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	37,281,069	—	37,281,069
TOTAL	—	37,281,069	—	37,281,069

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	40,138,962	—	40,138,962
TOTAL	—	40,138,962	—	40,138,962

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – CANADIAN BOND (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, is as follows:

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond	1.00	371,603	400,381

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past three years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015
Net Assets and Net Asset Value Per Unit (\$)			
Series 5	5.07	5.04	5.04
Series 6	5.09	5.05	5.05
Series 7	5.15	5.08	5.05
Ratios and Supplemental Data			
Net Asset Value (\$000's)			
Series 5	30,185	34,427	38,465
Series 6	6,624	5,441	2,552
Series 7	351	170	156
Number of units outstanding (000)			
Series 5	5,951	6,829	7,626
Series 6	1,300	1,076	506
Series 7	68	34	31
Management expense ratio (MER) ¹ (%)			
Series 5	1.96	1.96	1.96
Series 6	1.78	1.77	1.75
Series 7	1.22	1.22	1.32
Portfolio turnover rate ² (%)	9.30	10.91	2.80

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – DIVERSIFIED INCOME – FRANKLIN QUOTENTIAL*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Franklin Bissett Core Plus Bond Fund	26.6%
Franklin Bissett Canadian Government Bond Fund	13.8%
Franklin Strategic Income Fund	10.5%
Franklin Bissett Canadian Short Term Bond Fund	8.3%
Templeton Global Bond Fund	7.0%
Franklin Bissett Canadian Dividend Fund	6.1%
Franklin U.S. Low Duration Fund	3.4%
Franklin U.S. Rising Dividends Fund	3.4%
Franklin ActiveQuant Canadian Fund	3.0%
iShares S&P/TSX 60 Index ETF	3.0%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,228	2.3%	10,255	2.6%	10,282	2.8%	10,339	3.4%
3 Years	10,498	1.6%	10,572	1.9%	10,645	2.1%	10,801	2.6%
5 Years	11,445	2.7%	11,575	3.0%	—	—	—	—
10 Years	13,601	3.1%	13,910	3.4%	—	—	—	—
Since Inception	14,920	2.4%	13,882	3.3%	10,860	2.2%	11,080	2.7%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	40,306
Investments at fair value through profit or loss (FVTPL)	186,153,228	200,163,092
Premiums receivable	—	172,271
Receivable for securities sold	19,558	121,686
	186,172,786	200,497,355
LIABILITIES		
Current Liabilities		
Bank overdraft	7,836	—
Accrued expenses	446,910	476,436
Withdrawals payable	223,471	506,981
Payable for securities purchased	—	99,805
	678,217	1,083,222
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	185,494,569	199,414,133
NET ASSETS PER UNIT		
Series 3	7.46	7.29
Series 5	7.63	7.44
Series 6	5.43	5.28
Series 7	5.54	5.36

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(568)	—
Distributions from underlying funds	3,986,287	3,105,819
Changes in fair value:		
Net realized gain (loss) on investments	4,660,603	4,816,376
Net unrealized gain (loss) on investments	1,852,014	(93,603)
	10,498,336	7,828,592
EXPENSES		
Management fees and guarantee charge	4,508,265	4,630,175
Operating expenses	1,018,236	1,083,571
	5,526,501	5,713,746
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	4,971,835	2,114,846
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	126,459	40,483
- per unit	0.17	0.05
Average Number of Units	732,338	827,285
SERIES 5		
Increase (Decrease) in Net Assets from Operations	3,866,465	1,642,995
- per unit	0.19	0.07
Average Number of Units	19,885,616	22,294,862
SERIES 6		
Increase (Decrease) in Net Assets from Operations	836,555	384,391
- per unit	0.14	0.08
Average Number of Units	5,945,138	4,817,438
SERIES 7		
Increase (Decrease) in Net Assets from Operations	142,356	46,977
- per unit	0.16	0.08
Average Number of Units	865,777	571,375

The accompanying Notes are an integral part of these financial statements.

DFS GIF – DIVERSIFIED INCOME – FRANKLIN QUOTENTIAL (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	199,414,133	200,348,833
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>4,971,835</u>	2,114,846
Premiums		
Series 3	359,683	1,148,716
Series 5	13,626,434	15,145,898
Series 6	7,257,058	12,881,179
Series 7	<u>2,643,333</u>	1,258,484
	23,886,508	30,434,277
Withdrawals		
Series 3	(1,043,638)	(1,896,086)
Series 5	(35,043,424)	(28,182,037)
Series 6	(6,281,999)	(3,221,098)
Series 7	<u>(408,846)</u>	(184,602)
	(42,777,907)	(33,483,823)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	185,494,569	199,414,133

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	4,971,835	2,114,846
Adjustments for:		
Net realized gain (loss)	(4,660,603)	(4,816,376)
Net unrealized gain (loss)	(1,852,014)	93,603
Non-cash distribution from investments	(3,986,287)	(3,105,819)
Proceeds from sale/maturity of investments	29,509,303	18,639,476
Investments purchased	(5,000,535)	(9,924,682)
Receivable for securities sold	102,128	(84,252)
Accrued expenses	(29,526)	(4,330)
Payable for securities purchased	(99,805)	(4,206)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	18,954,496	2,908,260
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	24,058,779	30,392,618
Amounts paid on withdrawals	(43,061,417)	(33,223,326)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(19,002,638)	(2,830,708)
Increase (decrease) in cash/ bank overdraft	(48,142)	77,552
Cash (bank overdraft), beginning of year	40,306	(37,246)
CASH (BANK OVERDRAFT), END OF YEAR	(7,836)	40,306
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	568	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.4%)		\$	\$
Franklin Quotential Diversified Income Portfolio	24,721,544	157,514,890	186,153,228
Total Investments		157,514,890	186,153,228
Other Net Assets (-0.4%)			(658,659)
Net Assets (100%)			185,494,569

The accompanying Notes are an integral part of these financial statements.

TOP HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Franklin Bissett Core Plus Bond Fund	26.6%
Franklin Bissett Canadian Government Bond Fund	13.8%
Franklin Strategic Income Fund	10.5%
Franklin Bissett Canadian Short Term Bond Fund	8.3%
Templeton Global Bond Fund	7.0%
Franklin Bissett Canadian Dividend Fund	6.1%
Franklin U.S. Low Duration Fund	3.4%
Franklin U.S. Rising Dividends Fund	3.4%
Franklin ActiveQuant Canadian Fund	3.0%
iShares S&P/TSX 60 Index ETF	3.0%
Franklin Mutual European Fund	2.7%
Franklin U.S. Core Equity Fund	1.9%
Cash and Cash Equivalents	1.8%
Templeton Emerging Markets Fund	1.8%
Franklin Global Real Estate Fund	1.6%
Franklin Global Listed Infrastructure Fund	1.5%
BMO MSCI Europe High Quality Hedged to CAD Index ETF	1.1%
Franklin Japan Fund	1.0%
iShares MSCI Japan ETF	1.0%
Financial Select Sector SPDR ETF	0.5%

DFS GIF – DIVERSIFIED INCOME – FRANKLIN QUOTENTIAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To provide a balance of capital growth and interest income by investing primarily in units of an underlying fund in order to gain the desired exposure to the equity and fixed income markets.

Strategy of the Fund

To emphasize investments in fixed income underlying funds in order to provide income and capital preservation. The Fund also invests, to a lesser extent, in equity underlying funds in order to increase the potential for capital appreciation over a longer investment horizon.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	186,153,228	—	—	186,153,228
TOTAL	186,153,228	—	—	186,153,228

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	200,163,092	—	—	200,163,092
TOTAL	200,163,092	—	—	200,163,092

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (55%)	1.00	1,222,856	1,220,923
Bloomberg Barclays Multiverse Bond (25%)	1.00	555,844	554,965
S&P/TSX (15%)	3.00	1,000,519	998,937
MSCI All Country World Net (5%)	3.00	333,506	332,979

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – DIVERSIFIED INCOME – FRANKLIN QUOTENTIAL (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	7.46	7.29	7.24	7.11	6.82
Series 5	7.63	7.44	7.36	7.22	6.91
Series 6	5.43	5.28	5.22	5.10	—
Series 7	5.54	5.36	5.27	5.13	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	5,085	5,643	6,349	6,610	6,977
Series 5	141,848	159,398	170,791	172,380	173,963
Series 6	32,448	30,636	20,592	7,619	—
Series 7	6,114	3,737	2,616	120	—
Number of units outstanding (000)					
Series 3	682	774	878	930	1,023
Series 5	18,594	21,424	23,191	23,884	25,177
Series 6	5,980	5,801	3,947	1,494	—
Series 7	1,105	697	497	23	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.14	3.14	3.13	3.14	3.15
Series 5	2.91	2.91	2.92	2.92	2.92
Series 6	2.70	2.71	2.68	2.72	—
Series 7	2.18	2.20	2.27	2.30	—
Portfolio turnover rate ² (%)	5.80	6.52	10.74	8.36	8.11

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – BALANCED INCOME – FRANKLIN QUOTENTIAL*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Franklin Bissett Core Plus Bond Fund	27.6%
Franklin Bissett Canadian Government Bond Fund	10.9%
Franklin Strategic Income Fund	6.1%
Franklin Bissett Canadian Equity Fund	5.6%
Templeton Global Bond Fund	5.0%
Franklin Templeton Canadian Large Cap Fund	3.8%
Franklin ActiveQuant Canadian Fund	3.7%
Franklin U.S. Rising Dividends Fund	3.7%
Franklin Mutual European Fund	3.6%
Franklin U.S. Core Equity Fund	3.2%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,369	3.7%	10,383	3.8%	10,409	4.1%	10,464	4.6%
3 Years	10,837	2.7%	10,905	2.9%	10,971	3.1%	11,128	3.6%
5 Years	12,477	4.5%	12,615	4.8%	—	—	—	—
10 Years	13,279	2.9%	13,630	3.1%	—	—	—	—
Since Inception	13,940	2.0%	13,489	3.0%	11,340	3.3%	11,540	3.8%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – BALANCED INCOME – FRANKLIN QUOTENTIAL (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	22,229	—
Investments at fair value through profit or loss (FVTPL)	245,191,751	252,666,664
Premiums receivable	33,184	100,579
Receivable for securities sold	109,690	413,617
	<u>245,356,854</u>	<u>253,180,860</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	9,852
Accrued expenses	600,076	614,329
Withdrawals payable	335,004	704,383
Payable for securities purchased	—	4,329
	<u>935,080</u>	<u>1,332,893</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>244,421,774</u>	<u>251,847,967</u>
NET ASSETS PER UNIT		
Series 3	<u>6.97</u>	6.72
Series 5	<u>7.16</u>	6.90
Series 6	<u>5.67</u>	5.45
Series 7	<u>5.77</u>	5.51

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(607)	—
Distributions from underlying funds	7,121,645	6,526,390
Changes in fair value:		
Net realized gain (loss) on investments	6,205,205	9,295,157
Net unrealized gain (loss) on investments	3,565,962	(5,603,172)
	<u>16,892,205</u>	<u>10,218,375</u>
EXPENSES		
Management fees and guarantee charge	5,875,658	5,946,948
Operating expenses	1,396,621	1,435,857
	<u>7,272,279</u>	<u>7,382,805</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>9,619,926</u>	<u>2,835,570</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	305,872	61,945
- per unit	0.25	0.05
Average Number of Units	1,236,611	1,373,128
SERIES 5		
Increase (Decrease) in Net Assets from Operations	8,085,506	2,286,421
- per unit	0.27	0.07
Average Number of Units	29,801,503	32,292,191
SERIES 6		
Increase (Decrease) in Net Assets from Operations	1,014,639	414,192
- per unit	0.22	0.11
Average Number of Units	4,525,669	3,774,722
SERIES 7		
Increase (Decrease) in Net Assets from Operations	213,909	73,012
- per unit	0.25	0.08
Average Number of Units	856,677	932,969

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	251,847,967	258,920,382
Increase (Decrease) in Net Assets from operations attributable to contract owners	9,619,926	2,835,570
Premiums		
Series 3	277,887	862,723
Series 5	17,879,961	17,954,598
Series 6	6,201,584	9,733,502
Series 7	399,478	1,226,532
	24,758,910	29,777,355
Withdrawals		
Series 3	(1,127,805)	(2,120,497)
Series 5	(36,658,872)	(32,718,474)
Series 6	(3,772,350)	(2,812,251)
Series 7	(246,002)	(2,034,118)
	(41,805,029)	(39,685,340)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	244,421,774	251,847,967

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	9,619,926	2,835,570
Adjustments for:		
Net realized gain (loss)	(6,205,205)	(9,295,157)
Net unrealized gain (loss)	(3,565,962)	5,603,172
Non-cash distribution from investments	(7,121,645)	(6,526,390)
Proceeds from sale/maturity of investments	26,742,153	24,238,852
Investments purchased	(2,374,428)	(6,817,683)
Receivable for securities sold	303,927	(325,834)
Accrued expenses	(14,253)	(16,207)
Payable for securities purchased	(4,329)	(110,183)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	17,380,184	9,586,140
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	24,826,305	29,692,584
Amounts paid on withdrawals	(42,174,408)	(39,276,128)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(17,348,103)	(9,583,544)
Increase (decrease) in cash/ bank overdraft	32,081	2,596
Cash (bank overdraft), beginning of year	(9,852)	(12,448)
CASH (BANK OVERDRAFT), END OF YEAR	22,229	(9,852)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	35	—
Interest paid	642	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – BALANCED INCOME – FRANKLIN QUOTENTIAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Quotential Balanced Income Portfolio	24,816,979	189,881,999	245,191,751
Total Investments		189,881,999	245,191,751
Other Net Assets (-0.3%)			(769,977)
Net Assets (100%)			244,421,774

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Franklin Bissett Core Plus Bond Fund	27.6%
Franklin Bissett Canadian Government Bond Fund	10.9%
Franklin Strategic Income Fund	6.1%
Franklin Bissett Canadian Equity Fund	5.6%
Templeton Global Bond Fund	5.0%
Franklin Templeton Canadian Large Cap Fund	3.8%
Franklin ActiveQuant Canadian Fund	3.7%
Franklin U.S. Rising Dividends Fund	3.7%
Franklin Mutual European Fund	3.6%
Franklin U.S. Core Equity Fund	3.2%
Franklin Bissett Canadian Short Term Bond Fund	2.9%
Franklin U.S. Low Duration Fund	2.7%
Franklin U.S. Opportunities Fund	2.6%
Franklin LibertyQT U.S. Equity Index ETF	2.5%
iShares S&P/TSX 60 Index ETF	2.4%
Franklin Japan Fund	2.0%
iShares MSCI Japan ETF	1.9%
BMO MSCI Europe High Quality Hedged to CAD Index ETF	1.7%
Franklin Bissett Small Cap Fund	1.5%
Templeton Asian Growth Fund	1.5%
SPDR Euro Stoxx 50 ETF	1.4%
Financial Select Sector SPDR ETF	1.2%
iShares Core MSCI Emerging Markets ETF	0.9%
Templeton Emerging Markets Smaller Companies Fund	0.8%
Templeton Frontier Markets Fund	0.4%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide a balance of capital growth and interest income by investing primarily in units of an individual underlying fund in order to gain the desired exposure to the equity and fixed income markets.

Strategy of the Fund

To invest in fixed income underlying funds in order to provide income and capital preservation. The Fund also invests in equity underlying funds in order to increase the potential for capital appreciation over a longer investment horizon.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	245,191,751	—	—	245,191,751
TOTAL	245,191,751	—	—	245,191,751

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	252,666,664	—	—	252,666,664
TOTAL	252,666,664	—	—	252,666,664

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – BALANCED INCOME – FRANKLIN QUOTENTIAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (45%)	1.00	1,344,583	1,340,927
Bloomberg Barclays Multiverse Bond (15%)	1.00	448,194	446,976
S&P/TSX (20%)	3.00	1,792,778	1,787,902
MSCI All Country World Net (20%)	3.00	1,792,778	1,787,902

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	6.97	6.72	6.66	6.43	6.08
Series 5	7.16	6.90	6.82	6.57	6.20
Series 6	5.67	5.45	5.38	5.17	—
Series 7	5.77	5.51	5.42	5.19	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	8,106	8,650	9,846	10,400	10,967
Series 5	204,375	215,069	227,546	234,342	233,894
Series 6	26,803	23,360	16,024	4,616	—
Series 7	5,137	4,770	5,504	1,515	—
Number of units outstanding (000)					
Series 3	1,164	1,287	1,478	1,617	1,803
Series 5	28,525	31,189	33,382	35,692	37,751
Series 6	4,727	4,289	2,981	893	—
Series 7	891	865	1,016	292	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.20	3.20	3.20	3.20	3.20
Series 5	2.95	2.95	2.95	2.95	2.94
Series 6	2.75	2.76	2.75	2.74	—
Series 7	2.28	2.30	2.30	2.30	—
Portfolio turnover rate ² (%)	5.40	5.26	10.44	4.80	3.26

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN BALANCED – FIDELITY*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Toronto-Dominion Bank	4.5%
Scotiabank	3.8%
Suncor Energy	2.8%
Canadian Pacific Railway	2.8%
Royal Bank of Canada	2.6%
Restaurant Brands International	2.5%
Brookfield Asset Management	2.3%
Manulife Financial Corporation	2.2%
Waste Connections	1.8%
Rogers Communications	1.6%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,357	3.6%	10,403	4.0%	10,416	4.2%	10,465	4.6%
3 Years	11,019	3.3%	11,164	3.7%	11,210	3.9%	11,377	4.4%
5 Years	13,466	6.1%	13,754	6.6%	—	—	—	—
Since Inception	19,320	7.5%	20,020	7.9%	11,940	4.7%	12,160	5.2%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	185,215	—
Investments at fair value through profit or loss (FVTPL)	827,608,950	878,642,563
Premiums receivable	692,102	910,928
Receivable for securities sold	113,582	571,131
	<u>828,599,849</u>	<u>880,124,622</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	137,055
Accrued expenses	2,047,605	2,163,067
Withdrawals payable	1,603,344	2,036,216
Payable for securities purchased	—	19,774
	<u>3,650,949</u>	<u>4,356,112</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>824,948,900</u>	<u>875,768,510</u>
NET ASSETS PER UNIT		
Series 3	<u>9.66</u>	9.33
Series 5	<u>10.01</u>	9.62
Series 6	<u>5.97</u>	5.73
Series 7	<u>6.08</u>	5.81

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(2,110)	—
Distributions from underlying funds	34,268,108	72,289,582
Changes in fair value:		
Net realized gain (loss) on investments	16,997,805	12,686,424
Net unrealized gain (loss) on investments	7,033,654	(20,540,064)
	<u>58,297,457</u>	<u>64,435,942</u>
EXPENSES		
Management fees and guarantee charge	20,255,604	20,772,117
Operating expenses	4,875,016	5,052,305
	<u>25,130,620</u>	<u>25,824,422</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>33,166,837</u>	<u>38,611,520</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	369,793	435,940
- per unit	0.33	0.37
Average Number of Units	1,114,699	1,174,299
SERIES 5		
Increase (Decrease) in Net Assets from Operations	31,035,521	36,739,711
- per unit	0.38	0.41
Average Number of Units	81,327,747	88,645,028
SERIES 6		
Increase (Decrease) in Net Assets from Operations	1,637,166	1,370,618
- per unit	0.24	0.26
Average Number of Units	6,938,543	5,354,045
SERIES 7		
Increase (Decrease) in Net Assets from Operations	124,357	65,251
- per unit	0.28	0.27
Average Number of Units	441,687	242,903

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN BALANCED – FIDELITY (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	875,768,510	879,404,824
Increase (Decrease) in Net Assets from operations attributable to contract owners	33,166,837	38,611,520
Premiums		
Series 3	1,159,537	2,259,276
Series 5	74,946,753	85,809,811
Series 6	13,269,452	13,462,909
Series 7	3,097,536	926,248
	92,473,278	102,458,244
Withdrawals		
Series 3	(2,447,490)	(2,559,803)
Series 5	(166,437,111)	(136,493,502)
Series 6	(7,105,256)	(5,123,857)
Series 7	(469,868)	(528,916)
	(176,459,725)	(144,706,078)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	824,948,900	875,768,510

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	33,166,837	38,611,520
Adjustments for:		
Net realized gain (loss)	(16,997,805)	(12,686,424)
Net unrealized gain (loss)	(7,033,654)	20,540,064
Non-cash distribution from investments	(34,268,108)	(72,289,582)
Proceeds from sale/maturity of investments	111,060,925	74,966,111
Investments purchased	(1,727,745)	(6,859,215)
Receivable for securities sold	457,549	(375,994)
Accrued expenses	(115,462)	(6,389)
Payable for securities purchased	(19,774)	(590,497)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	84,522,763	41,309,594
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	92,692,104	102,476,797
Amounts paid on withdrawals	(176,892,597)	(144,026,400)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(84,200,493)	(41,549,603)
Increase (decrease) in cash/ bank overdraft	322,270	(240,009)
Cash (bank overdraft), beginning of year	(137,055)	102,954
CASH (BANK OVERDRAFT), END OF YEAR	185,215	(137,055)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	124	—
Interest paid	2,234	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Fidelity Canadian Balanced Fund, Series O	35,980,338	699,696,677	827,608,950
Total Investments		699,696,677	827,608,950
Other Net Assets (-0.3%)			(2,660,050)
Net Assets (100%)			824,948,900

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Toronto-Dominion Bank	4.5%
Scotiabank	3.8%
Suncor Energy	2.8%
Canadian Pacific Railway	2.8%
Royal Bank of Canada	2.6%
Restaurant Brands International	2.5%
Brookfield Asset Management	2.3%
Manulife Financial Corporation	2.2%
Waste Connections	1.8%
Rogers Communications	1.6%
First Quantum Minerals	1.6%
Alphabet	1.4%
Dollarama	1.3%
Methanex Corporation	1.2%
Constellation Software	1.1%
Alimentation Couche-Tard	1.0%
EOG Resources	1.0%
Bank of America Corporation	1.0%
CCL Industries	0.9%
Government of Canada, 1.25%, February 1, 2020	0.8%
Canada Housing Trust, 1.50%, December 15, 2021	0.8%
Province of Ontario, 2.60%, June 2, 2025	0.8%
Visa	0.8%
Parkland Fuel Corporation	0.7%
Morgan Stanley	0.7%

DFS GIF – CANADIAN BALANCED – FIDELITY (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To achieve high total investment return using a diversified portfolio targeting long-term capital appreciation and a regular income stream through investment in any kind of equity or fixed-income security or money market instrument. The fundamental investment Investment Objective is to provide investors with a balanced asset mix with the potential for capital growth.

Strategy of the Fund

Target fixed asset allocation to deliver superior long-term growth potential and reduced levels of risk. The Fund invests primarily in a mix of Canadian equity securities, investment grade bonds, high yield securities and money market instruments. The equity investment decisions are based on a thorough examination of the company, financial conditions and long-term earnings potential.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	827,608,950	—	—	827,608,950
TOTAL	827,608,950	—	—	827,608,950

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	878,642,563	—	—	878,642,563
TOTAL	878,642,563	—	—	878,642,563

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (40%)	1.00	3,731,637	3,492,586
Merrill Lynch High Yield Master II (10%)	2.00	1,865,818	1,746,293
S&P/TSX Capped (50%)	3.00	13,993,637	13,097,197

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – CANADIAN BALANCED – FIDELITY (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	9.66	9.33	8.96	8.77	7.99
Series 5	10.01	9.62	9.20	8.97	8.14
Series 6	5.97	5.73	5.48	5.33	—
Series 7	6.08	5.81	5.52	5.34	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	10,023	10,941	10,805	9,925	9,205
Series 5	766,980	827,435	841,379	863,369	839,998
Series 6	43,441	35,640	25,930	7,893	—
Series 7	4,505	1,753	1,290	410	—
Number of units outstanding (000)					
Series 3	1,038	1,173	1,206	1,132	1,152
Series 5	76,652	85,995	91,416	96,289	103,238
Series 6	7,277	6,218	4,736	1,482	—
Series 7	741	302	234	77	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.38	3.39	3.41	3.41	3.40
Series 5	2.96	2.96	2.96	2.96	2.96
Series 6	2.81	2.81	2.82	2.83	—
Series 7	2.28	2.28	2.34	2.36	—
Portfolio turnover rate ² (%)	4.20	9.00	10.64	7.09	2.74

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – U.S. MONTHLY INCOME – FIDELITY*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
iShares TIPS Bond ETF	2.1%
JPMorgan Chase & Company	2.0%
U.S. Treasury Bill, 1.75%, June 30, 2022	1.8%
Wells Fargo & Company	1.5%
Johnson & Johnson	1.5%
Procter & Gamble Company	1.3%
Cisco Systems	1.3%
Bank of America Corporation	1.1%
Verizon Communications	1.0%
Chubb	1.0%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	9,975	-0.3%	9,975	-0.2%	10,028	0.3%
Since Inception	11,060	4.7%	11,060	4.7%	11,200	5.3%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – U.S. MONTHLY INCOME – FIDELITY (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	51,312	—
Investments at fair value through profit or loss (FVTPL)	14,071,357	9,226,163
Premiums receivable	384,856	113,114
Receivable for securities sold	—	14,695
	<u>14,507,525</u>	<u>9,353,972</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	14,695
Accrued expenses	32,462	21,190
Withdrawals payable	3,019	34,741
Payable for securities purchased	435,417	41,570
	<u>470,898</u>	<u>112,196</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>14,036,627</u>	<u>9,241,776</u>
NET ASSETS PER UNIT		
Series 5	<u>5.53</u>	5.54
Series 6	<u>5.53</u>	5.54
Series 7	<u>5.60</u>	5.58

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	442,874	235,844
Changes in fair value:		
Net realized gain (loss) on investments	42,249	(9,070)
Net unrealized gain (loss) on investments	(197,264)	451,729
	<u>287,859</u>	<u>678,503</u>
EXPENSES		
Management fees and guarantee charge	310,000	178,199
Operating expenses	26,065	14,851
	<u>336,065</u>	<u>193,050</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(48,206)</u>	<u>485,453</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>(5,962)</u>	151,250
- per unit	<u>(0.01)</u>	0.32
Average Number of Units	<u>560,211</u>	473,443
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>(39,087)</u>	298,549
- per unit	<u>(0.03)</u>	0.43
Average Number of Units	<u>1,346,830</u>	696,194
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>(3,157)</u>	35,654
- per unit	<u>(0.01)</u>	0.34
Average Number of Units	<u>221,591</u>	104,056

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	<u>9,241,776</u>	2,636,157
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(48,206)</u>	485,453
Premiums		
Series 5	1,267,646	2,668,804
Series 6	4,236,940	4,046,860
Series 7	1,822,204	675,257
	<u>7,326,790</u>	7,390,921
Withdrawals		
Series 5	(1,214,596)	(517,878)
Series 6	(1,148,499)	(463,906)
Series 7	(120,638)	(288,971)
	<u>(2,483,733)</u>	(1,270,755)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	<u>14,036,627</u>	9,241,776

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(48,206)	485,453
Adjustments for:		
Net realized gain (loss)	(42,249)	9,070
Net unrealized gain (loss)	197,264	(451,729)
Non-cash distribution from investments	(442,874)	(235,844)
Proceeds from sale/maturity of investments	1,510,321	617,085
Investments purchased	(6,067,656)	(6,522,906)
Receivable for securities sold	14,695	(14,695)
Accrued expenses	11,272	15,902
Payable for securities purchased	393,847	(4,760)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(4,473,586)</u>	(6,102,424)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	7,055,048	7,312,799
Amounts paid on withdrawals	(2,515,455)	(1,236,407)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>4,539,593</u>	6,076,392
Increase (decrease) in cash/ bank overdraft	66,007	(26,032)
Cash (bank overdraft), beginning of year	(14,695)	11,337
CASH (BANK OVERDRAFT), END OF YEAR	<u>51,312</u>	(14,695)

The accompanying Notes are an integral part of these financial statements.

DFS GIF – U.S. MONTHLY INCOME – FIDELITY (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
Fidelity U.S. Monthly Income Fund, Series O	608,191	13,879,234	14,071,357
Total Investments		13,879,234	14,071,357
Other Net Assets (-0.2%)			(34,730)
Net Assets (100%)			14,036,627

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
iShares TIPS Bond ETF	2.1%
JPMorgan Chase & Company	2.0%
U.S. Treasury Bill, 1.75%, June 30, 2022	1.8%
Wells Fargo & Company	1.5%
Johnson & Johnson	1.5%
Procter & Gamble Company	1.3%
Cisco Systems	1.3%
Bank of America Corporation	1.1%
Verizon Communications	1.0%
Chubb	1.0%
U.S. Treasury Note, 1.25 %, October 31, 2021	1.0%
Freddie Mac, 3.50%, 30 Year	0.9%
U.S. Treasury Notes, 0.375%, July 15, 2025	0.9%
Exelon Corporation	0.9%
Comcast Corporation	0.8%
U.S. Treasury Bills, 3.00%, February, 2047	0.8%
Chevron Corporation	0.8%
Wal-Mart Stores	0.8%
Williams Companies	0.7%
Qualcomm	0.7%
Microsoft Corporation	0.7%
Fannie Mae, 3.00%, 30 Year	0.6%
AT&T	0.6%
Freddie Mac, 4.00%, 30 Year	0.6%
ConocoPhillips Company	0.6%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To achieve a combination of a steady flow of income and the potential for capital gains by investing in a mix of U.S. income-producing securities.

Strategy of the Fund

The Fund invests primarily in a mix of U.S. income-producing securities, either directly or indirectly through investments in underlying funds. The Fund's neutral mix is 50% exposure to equity securities and 50% exposure to fixed-income securities. These securities may be U.S. securities or non-U.S. securities but at least 70% of the Fund's net assets will be invested in U.S. dollar-denominated investments.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	14,071,357	—	—	14,071,357
TOTAL	14,071,357	—	—	14,071,357

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	9,226,163	—	—	9,226,163
TOTAL	9,226,163	—	—	9,226,163

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – U.S. MONTHLY INCOME – FIDELITY (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, is as follows:

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
Bloomberg Barclays U.S. Aggregate Bond (31%)	1.50	65,270	42,974
Bank of America ML all US Convertibles (5%)	1.50	10,527	6,931
JP Morgan EMBI Global Diversified (5%)	2.00	14,037	22,180
Bank of America ML High Yield Master II Constrained (12%)	2.00	33,688	9,242
FTSE NAREIT Equity REITs (7%)	3.00	29,477	19,408
Russell 3000 Value (40%)	3.00	168,440	110,901

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past three years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015
Net Assets and Net Asset Value Per Unit (\$)			
Series 5	5.53	5.54	5.28
Series 6	5.53	5.54	5.28
Series 7	5.60	5.58	5.29
Ratios and Supplemental Data			
Net Asset Value (\$000's)			
Series 5	3,013	2,966	664
Series 6	8,663	5,614	1,732
Series 7	2,361	662	240
Number of units outstanding (000)			
Series 5	545	535	126
Series 6	1,566	1,013	328
Series 7	421	119	45
Management expense ratio (MER)¹ (%)			
Series 5	2.97	3.10	3.04
Series 6	2.89	2.99	2.93
Series 7	2.39	2.47	2.42
Portfolio turnover rate² (%)	12.76	9.39	6.80

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – BALANCED – DESJARDINS SOCIETERRA*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Desjardins SocieTerra Canadian Bond Fund	46.2%
Desjardins SocieTerra Canadian Equity Fund	14.7%
Desjardins SocieTerra American Equity Fund	12.5%
NEI Ethical International Equity Fund	11.7%
Desjardins SocieTerra Environment Fund	6.7%
Desjardins SocieTerra Environmental Bond Fund	5.1%
Desjardins SocieTerra Cleantech Fund	3.0%
Cash and Cash Equivalents	0.1%
NEI Ethical Special Equity Fund	0.0%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,358	3.6%	10,371	3.7%	10,430	4.3%
Since Inception	10,760	3.4%	10,780	3.5%	10,900	4.0%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	5,354	9,585
Investments at fair value through profit or loss (FVTPL)	22,344,405	15,688,599
Premiums receivable	11,436	1,091
Receivable for securities sold	78	—
	<u>22,361,273</u>	<u>15,699,275</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	48,243	34,371
Withdrawals payable	16,046	11,887
Payable for securities purchased	5,417	10,548
	<u>69,706</u>	<u>56,806</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>22,291,567</u>	<u>15,642,469</u>
NET ASSETS PER UNIT		
Series 5	<u>5.38</u>	5.19
Series 6	<u>5.39</u>	5.20
Series 7	<u>5.45</u>	5.23

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	779,025	328,181
Changes in fair value:		
Net realized gain (loss) on investments	28,459	(67,030)
Net unrealized gain (loss) on investments	380,668	391,075
	<u>1,188,152</u>	<u>652,226</u>
EXPENSES		
Management fees and guarantee charge	430,800	264,857
Operating expenses	70,813	54,733
	<u>501,613</u>	<u>319,590</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>686,539</u>	<u>332,636</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	255,882	164,390
- per unit	<u>0.19</u>	0.12
Average Number of Units	<u>1,359,968</u>	1,397,565
SERIES 6		
Increase (Decrease) in Net Assets from Operations	318,386	141,884
- per unit	<u>0.19</u>	0.18
Average Number of Units	<u>1,652,348</u>	783,730
SERIES 7		
Increase (Decrease) in Net Assets from Operations	112,271	26,362
- per unit	<u>0.20</u>	0.31
Average Number of Units	<u>556,799</u>	86,097

The accompanying Notes are an integral part of these financial statements.

DFS GIF – BALANCED – DESJARDINS SOCIETERRA (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	<u>15,642,469</u>	<u>8,212,944</u>
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>686,539</u>	<u>332,636</u>
Premiums		
Series 5	1,128,313	908,130
Series 6	3,714,845	6,549,104
Series 7	<u>3,439,328</u>	<u>1,375,603</u>
	<u>8,282,486</u>	<u>8,832,837</u>
Withdrawals		
Series 5	(1,282,216)	(1,004,817)
Series 6	(847,402)	(688,303)
Series 7	<u>(190,309)</u>	<u>(42,828)</u>
	<u>(2,319,927)</u>	<u>(1,735,948)</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	<u>22,291,567</u>	<u>15,642,469</u>

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	686,539	332,636
Adjustments for:		
Net realized gain (loss)	(28,459)	67,030
Net unrealized gain (loss)	(380,668)	(391,075)
Non-cash distribution from investments	(779,025)	(328,181)
Proceeds from sale/maturity of investments	1,371,135	826,982
Investments purchased	(6,838,789)	(7,721,310)
Receivable for securities sold	(78)	349
Accrued expenses	13,872	15,565
Payable for securities purchased	(5,131)	(2,959)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(5,960,604)</u>	<u>(7,200,963)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	8,272,141	8,941,349
Amounts paid on withdrawals	(2,315,768)	(1,730,446)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>5,956,373</u>	<u>7,210,903</u>
Increase (decrease) in cash/ bank overdraft	(4,231)	9,940
Cash (bank overdraft), beginning of year	9,585	(355)
CASH (BANK OVERDRAFT), END OF YEAR	<u>5,354</u>	<u>9,585</u>

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
SocieTerra Balanced Portfolio, I-Class	2,255,416	22,080,048	22,344,405
Total Investments		22,080,048	22,344,405
Other Net Assets (-0.2%)			(52,838)
Net Assets (100%)			22,291,567

The accompanying Notes are an integral part of these financial statements.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Desjardins SocieTerra Canadian Bond Fund	46.2%
Desjardins SocieTerra Canadian Equity Fund	14.7%
Desjardins SocieTerra American Equity Fund	12.5%
NEI Ethical International Equity Fund	11.7%
Desjardins SocieTerra Environment Fund	6.7%
Desjardins SocieTerra Environmental Bond Fund	5.1%
Desjardins SocieTerra Cleantech Fund	3.0%
Cash and Cash Equivalents	0.1%
NEI Ethical Special Equity Fund	0.0%

DFS GIF – BALANCED – DESJARDINS SOCIETERRA (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To achieve a balance between long-term capital appreciation and income by investing primarily in Canadian, and to a lesser extent, foreign equity and fixed-income securities and/or in units of mutual funds which themselves invest primarily in Canadian or foreign equity and fixed-income securities. The Fund follows a socially responsible approach to investing.

Strategy of the Fund

To reach the Fund's investment objective, selection of the securities and/or the underlying funds as well as the percentage of the assets that will be invested in each of these securities or underlying funds will be based on the following target weightings: Fixed-income (55%) and Growth (45%).

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	22,344,405	—	—	22,344,405
TOTAL	22,344,405	—	—	22,344,405

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	15,688,599	—	—	15,688,599
TOTAL	15,688,599	—	—	15,688,599

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's best estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, with all other variables held constant, is as follows:

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (55%)	1.00	122,604	86,034
S&P/TSX (14%)	3.00	93,625	65,698
MSCI World Net (31%)	3.00	207,312	145,475

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – BALANCED – DESJARDINS SOCIETERRA (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past three years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015
Net Assets and Net Asset Value Per Unit (\$)			
Series 5	5.38	5.19	5.08
Series 6	5.39	5.20	5.08
Series 7	5.45	5.23	5.09
Ratios and Supplemental Data			
Net Asset Value (\$000's)			
Series 5	7,226	7,124	7,056
Series 6	10,325	7,139	1,136
Series 7	4,741	1,380	21
Number of units outstanding (000)			
Series 5	1,342	1,371	1,389
Series 6	1,915	1,374	224
Series 7	869	264	4
Management expense ratio (MER) ¹ (%)			
Series 5	2.81	2.81	2.81
Series 6	2.70	2.76	2.74
Series 7	2.11	2.30	2.30
Portfolio turnover rate ² (%)	6.94	7.74	9.64

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – GLOBAL BALANCED – JARISLOWSKY FRASER*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Jarislowsky Fraser International Pooled Fund	18.3%
Toronto-Dominion Bank	2.0%
Canada Housing Trust, 2.35%, June 15, 2027	1.7%
Royal Bank of Canada	1.6%
Jarislowsky Fraser Emerging Market Equity Fund	1.5%
Jarislowsky Fraser Special Equity Fund	1.5%
Scotiabank	1.4%
Enbridge	1.3%
Province of Ontario, 2.40%, June 2, 2026	1.1%
Royal Bank of Canada, 2.77%, December 11, 2018	1.1%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,400	4.0%	10,466	4.7%	10,479	4.8%	10,537	5.4%
3 Years	11,251	4.0%	11,442	4.6%	—	—	—	—
5 Years	14,017	7.0%	14,394	7.6%	—	—	—	—
10 Years	14,525	3.8%	15,266	4.3%	—	—	—	—
Since Inception	17,100	3.9%	15,261	4.2%	11,080	4.8%	11,200	5.3%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – GLOBAL BALANCED – JARISLOWSKY FRASER (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	305,631	828,727
Investments at fair value through profit or loss (FVTPL)	259,747,994	238,765,804
Premiums receivable	690,218	981,144
Interest, dividends and other receivables	403,188	—
	<u>261,147,031</u>	<u>240,575,675</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	610,234	558,452
Withdrawals payable	664,573	763,626
Payable for securities purchased	—	671,418
	<u>1,274,807</u>	<u>1,993,496</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>259,872,224</u>	<u>238,582,179</u>
NET ASSETS PER UNIT		
Series 3	<u>8.55</u>	8.22
Series 5	<u>9.00</u>	8.60
Series 6	<u>5.54</u>	5.29
Series 7	<u>5.60</u>	5.31

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	402,726	—
Distributions from underlying funds	11,371,093	11,607,953
Changes in fair value:		
Net realized gain (loss) on investments	2,677,607	2,025,002
Net unrealized gain (loss) on investments	3,811,186	268,163
	<u>18,262,612</u>	<u>13,901,118</u>
EXPENSES		
Management fees and guarantee charge	5,230,363	4,624,777
Operating expenses	1,783,517	1,723,134
	<u>7,013,880</u>	<u>6,347,911</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>11,248,732</u>	<u>7,553,207</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	360,310	232,111
- per unit	0.33	0.19
Average Number of Units	1,082,486	1,221,029
SERIES 5		
Increase (Decrease) in Net Assets from Operations	8,601,156	6,001,864
- per unit	0.40	0.26
Average Number of Units	21,760,679	22,972,431
SERIES 6		
Increase (Decrease) in Net Assets from Operations	1,945,570	1,209,618
- per unit	0.25	0.30
Average Number of Units	7,697,037	3,989,025
SERIES 7		
Increase (Decrease) in Net Assets from Operations	341,696	109,614
- per unit	0.30	0.33
Average Number of Units	1,120,365	336,560

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	238,582,179	204,256,452
Increase (Decrease) in Net Assets from operations attributable to contract owners	11,248,732	7,553,207
Premiums		
Series 3	930,786	1,284,309
Series 5	22,005,945	38,200,658
Series 6	22,358,739	26,374,106
Series 7	5,160,053	4,087,605
	50,455,523	69,946,678
Withdrawals		
Series 3	(1,759,438)	(2,085,661)
Series 5	(33,701,188)	(37,615,906)
Series 6	(4,599,558)	(3,052,621)
Series 7	(354,026)	(419,970)
	(40,414,210)	(43,174,158)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	259,872,224	238,582,179

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	11,248,732	7,553,207
Adjustments for:		
Net realized gain (loss)	(2,677,607)	(2,025,002)
Net unrealized gain (loss)	(3,811,186)	(268,163)
Non-cash distribution from investments	(11,371,093)	(11,607,953)
Proceeds from sale/maturity of investments	16,123,850	12,849,758
Investments purchased	(19,246,154)	(33,842,297)
Interest, dividends and other receivables	(403,188)	—
Accrued expenses	51,782	76,845
Payable for securities purchased	(671,418)	617,122
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(10,756,282)	(26,646,483)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	50,746,449	69,601,142
Amounts paid on withdrawals	(40,513,263)	(42,858,720)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	10,233,186	26,742,422
Increase (decrease) in cash/ bank overdraft	(523,096)	95,939
Cash (bank overdraft), beginning of year	828,727	732,788
CASH (BANK OVERDRAFT), END OF YEAR	305,631	828,727
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	66	—
Interest paid	529	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – GLOBAL BALANCED – JARISLOWSKY FRASER (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.0%)		\$	\$
Jarislowsky Fraser Global Balanced Fund	19,170,443	219,877,810	259,747,994
Total Investments		219,877,810	259,747,994
Other Net Assets (0.0%)			124,230
Net Assets (100%)			259,872,224

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Jarislowsky Fraser International Pooled Fund	18.3%
Toronto-Dominion Bank	2.0%
Canada Housing Trust, 2.35%, June 15, 2027	1.7%
Royal Bank of Canada	1.6%
Jarislowsky Fraser Emerging Market Equity Fund	1.5%
Jarislowsky Fraser Special Equity Fund	1.5%
Scotiabank	1.4%
Enbridge	1.3%
Province of Ontario, 2.40%, June 2, 2026	1.1%
Royal Bank of Canada, 2.77%, December 11, 2018	1.1%
Government of Canada, 1.00%, June 1, 2027	1.1%
Canadian National Railway Company	1.1%
Microsoft Corporation	1.1%
Canadian Natural Resources	1.0%
Canada Housing Trust, 1.15%, December 15, 2021	1.0%
Government of Canada, 1.50%, June 1, 2026	0.9%
Manulife Financial Corporation	0.9%
Government of Canada, 2.75%, December 1, 2048	0.9%
Berkshire Hathaway	0.8%
Royal Bank of Canada, 2.03%, March 15, 2021	0.8%
Government of Canada, 2.50%, June 1, 2024	0.8%
Potash Corporation of Saskatchewan	0.8%
Open Text Corporation	0.8%
Alimentation Couche-Tard	0.8%
Province of Ontario, 2.85%, June 2, 2023	0.8%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide investors with an opportunity to achieve a high rate of return by investing in a diversified portfolio consisting of a balance of equity and fixed-income securities of issuers located throughout the world.

Strategy of the Fund

To provide such an opportunity through a diversified portfolio consisting of a balance of mainly large cap equity and mainly investment grade fixed-income securities of issuers located throughout the world.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	259,747,994	—	259,747,994
TOTAL	—	259,747,994	—	259,747,994

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	238,765,804	—	238,765,804
TOTAL	—	238,765,804	—	238,765,804

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – GLOBAL BALANCED – JARISLOWSKY FRASER (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada 91 Day Treasury Bills (6%)	0.25	43,365	37,932
FTSE TMX Canada Universe Bond (40%)	1.00	1,156,390	1,011,519
S&P/TSX (22%)	3.00	1,908,043	1,669,006
S&P 500 (16%)	3.00	1,387,668	1,213,823
MSCI EAFE Net (16%)	3.00	1,387,668	1,213,823

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	8.55	8.22	8.02	7.60	7.02
Series 5	9.00	8.60	8.35	7.87	7.23
Series 6	5.54	5.29	5.12	—	—
Series 7	5.60	5.31	5.13	—	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	8,877	9,346	9,915	8,104	8,869
Series 5	189,277	192,371	185,784	144,280	135,404
Series 6	52,193	32,488	7,957	—	—
Series 7	9,525	4,377	600	—	—
Number of units outstanding (000)					
Series 3	1,038	1,137	1,236	1,066	1,263
Series 5	21,042	22,370	22,251	18,342	18,719
Series 6	9,422	6,145	1,553	—	—
Series 7	1,702	824	117	—	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.37	3.39	3.40	3.40	3.40
Series 5	2.85	2.85	2.85	2.86	2.86
Series 6	2.68	2.63	2.59	—	—
Series 7	2.18	2.24	2.24	—	—
Portfolio turnover rate ² (%)	8.86	9.73	8.87	5.64	8.68

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN BALANCED – FIERA CAPITAL*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Fiera Global Equity Fund	15.1%
Fiera Active Short Term Canadian Municipal Bond Fund	3.5%
Royal Bank of Canada	2.1%
Constellation Software	2.0%
Toronto-Dominion Bank	1.9%
Canadian National Railway Company	1.8%
Brookfield Asset Management	1.8%
Scotiabank	1.8%
Toromont Industries	1.6%
Alimentation Couche-Tard	1.6%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 1		Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,369	3.7%	10,433	4.3%	10,501	5.0%	10,498	5.0%	10,539	5.4%
3 Years	10,980	3.2%	11,186	3.8%	11,403	4.5%	11,390	4.4%	11,543	4.9%
5 Years	13,212	5.7%	13,621	6.4%	14,053	7.0%	—	—	—	—
10 Years	12,554	2.3%	13,302	2.9%	14,103	3.5%	—	—	—	—
Since Inception	20,920	3.4%	18,476	3.3%	13,731	3.2%	12,180	5.3%	12,400	5.7%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	189,880	—
Investments at fair value through profit or loss (FVTPL)	144,975,172	157,480,174
Investments at fair value through profit or loss (FVTPL) pledged as collateral	36,647,833	27,680,152
Premiums receivable	85,100	320,025
Receivable for securities sold	—	923,434
Cash guarantee received for repurchase transactions	22,150,320	13,316,482
Interest, dividends and other receivables	342,886	344,050
	204,391,191	200,064,317
LIABILITIES		
Current Liabilities		
Bank overdraft	—	52,020
Accrued expenses	398,776	403,497
Withdrawals payable	178,113	441,040
Payable for securities purchased	—	1,171,869
Commitments related to repurchase transactions	22,150,320	13,316,482
	22,727,209	15,384,908
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	181,663,982	184,679,409
NET ASSETS PER UNIT		
Series 1	10.46	10.09
Series 3	11.64	11.16
Series 5	12.37	11.78
Series 6	6.09	5.80
Series 7	6.20	5.88

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	1,249,607	1,316,490
Dividends	1,885,750	2,122,332
Distributions from underlying funds	525,055	894,429
Revenue from securities lending and repurchase transactions	23,420	17,601
Foreign exchange gain (loss) on cash	543	1,690
Changes in fair value:		
Net realized gain (loss) on investments	10,812,918	8,534,276
Net unrealized gain (loss) on investments	(862,661)	3,488,247
	13,634,632	16,375,065
EXPENSES		
Management fees and guarantee charge	3,741,515	3,717,943
Operating expenses	1,046,839	1,068,776
	4,788,354	4,786,719
Commissions and other portfolio transaction costs	104,291	240,181
	4,892,645	5,026,900
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	8,741,987	11,348,165
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	248,707	380,182
- per unit	0.37	0.50
Average Number of Units	665,609	764,215
SERIES 3		
Increase (Decrease) in Net Assets from Operations	580,797	863,155
- per unit	0.48	0.61
Average Number of Units	1,199,282	1,406,870
SERIES 5		
Increase (Decrease) in Net Assets from Operations	7,101,619	9,424,417
- per unit	0.59	0.72
Average Number of Units	12,099,240	13,150,646
SERIES 6		
Increase (Decrease) in Net Assets from Operations	751,042	640,441
- per unit	0.29	0.38
Average Number of Units	2,609,242	1,691,660
SERIES 7		
Increase (Decrease) in Net Assets from Operations	59,822	39,970
- per unit	0.35	0.39
Average Number of Units	170,525	101,393

DFS GIF – CANADIAN BALANCED – FIERA CAPITAL (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	184,679,409	185,199,104
Increase (Decrease) in Net Assets from operations attributable to contract owners	8,741,987	11,348,165
Premiums		
Series 1	357,205	270,205
Series 3	594,539	563,256
Series 5	12,714,935	12,420,755
Series 6	5,098,214	5,999,460
Series 7	675,800	347,734
	19,440,693	19,601,410
Withdrawals		
Series 1	(1,359,714)	(1,145,032)
Series 3	(2,741,227)	(3,379,193)
Series 5	(25,130,965)	(25,908,495)
Series 6	(1,669,608)	(1,023,185)
Series 7	(296,593)	(13,365)
	(31,198,107)	(31,469,270)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	181,663,982	184,679,409

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	8,741,987	11,348,165
Adjustments for:		
Foreign exchange gain (loss) on cash	(543)	(1,690)
Net realized gain (loss)	(10,812,918)	(8,534,276)
Net unrealized gain (loss)	862,661	(3,488,247)
Non-cash distribution from investments	(525,055)	(894,429)
Proceeds from sale/maturity of investments	366,066,257	364,035,763
Investments purchased	(352,053,620)	(353,390,993)
Receivable for securities sold	923,434	1,423,489
Cash guarantee received for repurchase transactions	(8,833,838)	(7,631,344)
Interest, dividends and other receivables	1,164	35,685
Accrued expenses	(4,721)	(7,148)
Commitments related to repurchase transactions	8,833,838	7,631,344
Payable for securities purchased	(1,171,869)	1,171,869
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	12,026,777	11,698,188
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	19,675,618	19,345,573
Amounts paid on withdrawals	(31,461,034)	(31,096,080)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(11,785,416)	(11,750,507)
Effect of exchange rate changes on foreign cash	539	1,084
Increase (decrease) in cash/bank overdraft	241,900	(51,235)
Cash (bank overdraft), beginning of year	(52,020)	(785)
CASH (BANK OVERDRAFT), END OF YEAR	189,880	(52,020)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	1,247,851	1,344,194
Investments at fair value through profit or loss (FVTPL) pledged as collateral	1,872,159	2,123,043
Interest paid	113	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Shares	Cost \$	Fair Value \$
EQUITIES (45.5%)			
Energy (5.0%)			
Enbridge	32,649	1,751,383	1,605,025
Imperial Oil*	52,600	2,095,374	2,063,498
Keyera	16,350	627,616	579,117
PrairieSky Royalty	77,500	2,484,774	2,484,650
Suncor Energy	49,120	1,901,597	2,266,888
		<u>8,860,744</u>	<u>8,999,178</u>
Materials (0.3%)			
Winpak	10,125	488,882	473,850
Industrials (6.9%)			
Canadian National Railway Company	31,715	2,090,791	3,287,260
Canadian Pacific Railway	12,395	2,243,182	2,846,636
Stantec	44,000	1,526,949	1,547,040
Toromont Industries	53,700	3,086,101	2,958,870
Waste Connections	20,581	1,169,503	1,835,002
		<u>10,116,526</u>	<u>12,474,808</u>
Consumer Discretionary (3.5%)			
Dollarama	18,380	1,648,667	2,886,579
Quebecor, Class B	108,630	2,200,985	2,574,531
Restaurant Brands International	12,500	996,388	965,875
		<u>4,846,040</u>	<u>6,426,985</u>
Consumer Staples (5.4%)			
Alimentation Couche-Tard, Class B	44,901	2,391,772	2,945,057
Loblaw Companies	27,432	1,703,986	1,871,411
Metro	63,300	2,725,432	2,547,825
Saputo Group	54,700	2,369,701	2,471,346
		<u>9,190,891</u>	<u>9,835,639</u>
Financials (13.8%)			
Bank of Montreal	21,200	2,008,130	2,132,508
Brookfield Asset Management, Class A	59,217	2,778,744	3,240,354
Great-West Lifeco	60,900	2,185,145	2,137,590
Intact Financial Corporation	24,930	2,361,217	2,617,401
National Bank of Canada	35,775	2,172,988	2,243,808
Royal Bank of Canada	37,419	2,640,864	3,841,060
Scotiabank	39,413	2,513,690	3,197,183
Thomson Reuters	39,800	2,273,975	2,180,642
Toronto-Dominion Bank	47,737	2,388,792	3,515,830
		<u>21,323,545</u>	<u>25,106,376</u>
Information Technology (4.8%)			
CGI Group, Class A	38,703	2,067,523	2,643,415
Constellation Software	4,664	3,178,821	3,554,061
Open Text	56,050	2,268,314	2,505,996
		<u>7,514,658</u>	<u>8,703,472</u>

* Securities pledged as collateral, in part or in whole, through the securities lending program.

DFS GIF – CANADIAN BALANCED – FIERA CAPITAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Shares	Cost	Fair Value
		\$	\$
Telecommunication Services (3.9%)			
BCE	33,200	1,941,556	2,004,616
Rogers Communications, Class B	39,700	2,555,275	2,542,785
TELUS	52,400	2,354,783	2,495,288
		<u>6,851,614</u>	<u>7,042,689</u>
Utilities (1.9%)			
ATCO, Class I	40,700	1,866,141	1,831,500
Fortis	36,800	1,646,421	1,696,845
		<u>3,512,562</u>	<u>3,528,345</u>
TOTAL EQUITIES		<u>72,705,462</u>	<u>82,591,342</u>
	<u>Par Value</u>		
BONDS (19.6%)			
Canadian Bonds (19.6%)			
Government of Canada (6.0%)			
Canada Housing Trust			
2.350%, 2018-12-15	CAD 1,663,000	1,715,821	1,675,862
1.250%, 2021-06-15	CAD 1,000,000	980,270	975,582
floating rate, 2021-09-15*	CAD 823,000	831,183	832,045
2.400%, 2022-12-15*	CAD 1,250,000	1,274,237	1,265,166
Government of Canada			
Series B378, 1.250%, 2018-09-01*	CAD 68,000	67,926	67,953
Series G401, 0.500%, 2019-02-01*	CAD 2,552,000	2,521,111	2,523,767
2.500%, 2024-06-01*	CAD 160,000	166,468	165,346
5.750%, 2033-06-01*	CAD 114,000	168,338	167,328
5.000%, 2037-06-01	CAD 70,000	98,630	100,502
4.000%, 2041-06-01*	CAD 126,000	164,056	165,253
3.500%, 2045-12-01*	CAD 85,000	106,292	106,277
2.750%, 2048-12-01*	CAD 1,610,000	1,767,933	1,783,263
PSP Capital			
Series 7, 3.290%, 2024-04-04*	CAD 120,000	119,939	126,156
Royal Office Finance			
Series A, 5.209%, 2032-11-12	CAD 701,257	695,302	848,631
		<u>10,677,506</u>	<u>10,803,131</u>
Provincial Governments and Crown Corporations (7.5%)			
Hospital for Sick Children			
Series B, 3.416%, 2057-12-07	CAD 178,000	178,000	177,761
Ontario Infrastructure			
4.700%, 2037-06-01	CAD 70,000	70,093	84,861
Ontario School Boards Financing			
Series 04A1, 5.483%, 2029-11-26	CAD 354,239	378,049	408,408
Private Placement, Series 06A1, 5.070%, 2031-04-18	CAD 344,064	344,064	379,318
Province of Alberta			
3.300%, 2046-12-01*	CAD 333,000	349,737	351,657
3.050%, 2048-12-01*	CAD 191,000	190,049	193,122
Province of New Brunswick			
3.100%, 2048-08-14*	CAD 51,000	51,543	50,956

* Securities pledged as collateral, in part or in whole, through the securities lending program.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

		Par Value	Cost	Fair Value
			\$	\$
Province of Newfoundland and Labrador				
3.700%, 2048-10-17	CAD	250,000	267,888	273,047
Province of Ontario				
1.950%, 2023-01-27*	CAD	83,000	83,227	81,849
2.850%, 2023-06-02	CAD	2,316,000	2,296,216	2,380,245
3.500%, 2024-06-02*	CAD	1,284,000	1,375,010	1,366,722
2.600%, 2025-06-02	CAD	2,601,000	2,645,047	2,617,948
3.500%, 2043-06-02*	CAD	24,000	22,362	26,369
3.450%, 2045-06-02*	CAD	1,253,000	1,339,444	1,370,527
2.900%, 2046-12-02*	CAD	384,000	383,324	380,468
Province of Québec				
1.650%, 2022-03-03*	CAD	229,000	228,778	224,656
3.500%, 2022-12-01	CAD	187,000	197,039	197,989
2.750%, 2025-09-01*	CAD	1,265,000	1,311,683	1,287,105
5.750%, 2036-12-01*	CAD	103,000	141,913	146,216
4.250%, 2043-12-01	CAD	133,000	136,103	164,658
3.500%, 2045-12-01	CAD	729,000	759,681	807,357
3.500%, 2048-12-01*	CAD	179,000	200,126	200,241
Province of Saskatchewan				
3.900%, 2045-06-02*	CAD	200,000	236,628	233,359
TCHC Issuer Trust				
4.877%, 2037-05-11	CAD	59,000	59,000	71,908
Series B, 5.395%, 2040-02-22	CAD	110,000	112,200	145,611
University of Western Ontario				
Series B, 3.388%, 2057-12-04	CAD	88,000	88,000	87,575
			<u>13,445,204</u>	<u>13,709,933</u>
Municipalities and Semi-Public Institutions (0.5%)				
City of Lévis				
2.850%, 2027-11-30	CAD	462,000	455,541	455,310
City of Longueuil				
2.850%, 2027-11-14	CAD	421,000	419,766	415,140
			<u>875,307</u>	<u>870,450</u>
Corporations (5.6%)				
Bank of Montreal				
2.270%, 2022-07-11*	CAD	510,000	509,974	504,758
2.700%, 2024-09-11	CAD	930,000	929,879	929,685
3.340%, (floating rate from 2020-12-08), 2025-12-08*	CAD	232,000	231,914	236,203
3.320%, (floating rate from 2021-06-01), 2026-06-01	CAD	202,000	201,972	205,485
Blackbird Infrastructure 407 General Partners				
Series B, 1.713%, (floating rate from 2020-01-08), 2021-10-08	CAD	77,000	76,400	75,814
Canadian Imperial Bank of Commerce				
3.000%, (floating rate from 2019-10-28), 2024-10-28*	CAD	30,000	30,534	30,278
3.420%, (floating rate from 2021-01-26), 2026-01-26	CAD	163,000	163,597	166,210
Canadian Utilities				
4.543%, 2041-10-24	CAD	23,000	25,393	26,924
4.722%, 2043-09-09	CAD	94,000	106,764	113,715
4.085%, 2044-09-02	CAD	37,000	37,922	40,783
3.763%, 2046-11-19	CAD	21,000	21,000	22,079

* Securities pledged as collateral, in part or in whole, through the securities lending program.

DFS GIF – CANADIAN BALANCED – FIERA CAPITAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

		Par Value	Cost	Fair Value
			\$	\$
Corporations (cont.)				
Capital City Link				
Series A, 4.386%, 2046-03-31	CAD	179,720	179,387	195,154
Capital Desjardins				
Series G, 5.187%, 2020-05-05*	CAD	160,000	184,640	170,072
CHIP Mortgage Trust				
3.663%, 2038-09-25	CAD	1,000	1,000	1,011
CIBC Capital Trust				
9.976%, (floating rate from 2019-06-30), 2108-06-30*	CAD	205,000	232,693	226,348
CSS (FSCC) Partnership				
6.915%, 2042-07-31	CAD	34,180	45,733	45,988
Enbridge				
7.200%, 2032-06-18	CAD	229,000	284,550	297,666
4.570%, 2044-03-11*	CAD	28,000	26,126	28,278
5.375%, (floating rate from 2027-09-27), 2077-09-27	CAD	32,000	32,000	31,892
Fédération des Caisses Desjardins du Québec				
2.443%, 2019-07-17	CAD	411,000	426,236	413,306
Grand Renewable Solar				
Series 1A, 3.926%, 2035-01-31	CAD	97,967	97,967	96,798
Greater Toronto Airports Authority				
Series 99-1, 6.450%, 2029-07-30	CAD	110,925	121,666	135,126
Health Montréal Collective, Private Placement				
Series 144A, 6.721%, 2049-09-30	CAD	441,000	541,420	600,033
Hospital Infrastructure				
Series A, 5.439%, 2045-01-31	CAD	96,958	96,957	113,754
IGM Financial				
3.440%, 2027-01-26	CAD	108,000	107,928	108,292
Integrated Team Solutions SJHC				
5.946%, 2042-11-30	CAD	52,495	52,865	65,910
Laurentian Bank of Canada				
2.750%, 2021-04-22	CAD	36,000	35,923	35,855
Melancthon Wolfe Wind				
3.834%, 2028-12-31	CAD	94,349	94,361	96,003
North West Redwater Partnership				
Series A, 3.200%, 2024-07-22	CAD	54,000	54,037	54,945
3.200%, 2026-04-24	CAD	94,000	93,800	94,813
Series F, 4.250%, 2029-06-01*	CAD	94,000	93,739	101,995
Northland Power Solar Finance Limited Partnership				
Series A, 4.958%, 2032-12-31	CAD	107,181	107,188	118,399
Plenary Health Care Partnerships Humber				
4.895%, 2039-05-31	CAD	123,678	123,678	140,251
Plenary Properties				
6.288%, 2044-01-31	CAD	180,806	216,775	241,652
Reliance				
Series 2, 5.187%, 2019-03-15	CAD	149,000	149,000	153,447

* Securities pledged as collateral, in part or in whole, through the securities lending program.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

		Par Value	Cost	Fair Value
			\$	\$
Corporations (cont.)				
Royal Bank of Canada				
2.260%, 2018-03-12	CAD	127,000	129,407	127,204
1.400%, 2019-04-26	CAD	395,000	394,874	392,515
1.583%, 2021-09-13*	CAD	115,000	115,000	111,567
3.040%, (floating rate from 2019-07-17), 2024-07-17*	CAD	61,000	60,989	61,571
2.990%, (floating rate from 2019-12-06), 2024-12-06*	CAD	439,000	440,409	444,775
2.480%, (floating rate from 2020-06-04), 2025-06-04*	CAD	295,000	294,944	294,370
Scotiabank				
2.370%, 2018-01-11	CAD	321,000	319,058	321,042
3.367%, (floating rate from 2020-12-08), 2025-12-08*	CAD	291,000	291,000	296,517
SGTP Highway Bypass				
Series A, 4.105%, 2045-01-31	CAD	164,000	164,000	172,415
SNC-Lavalin Innisfree McGill Finance				
6.632%, 2044-06-30	CAD	132,555	154,015	171,918
Teranet Income Fund				
5.754%, 2040-12-17	CAD	207,000	218,784	220,277
6.100%, 2041-06-17	CAD	425,000	473,988	469,779
Toronto-Dominion Bank				
1.680%, 2021-06-08	CAD	100,000	99,962	97,982
3.226%, 2024-07-24*	CAD	21,000	21,110	21,690
2.692%, (floating rate from 2020-06-24), 2025-06-24*	CAD	91,000	91,000	91,258
3.224%, (floating rate from 2024-07-25), 2029-07-25	CAD	21,000	21,000	20,995
4.859%, (floating rate from 2026-03-04), 2031-03-04	CAD	9,000	9,919	9,943
TransCanada PipeLines				
8.050%, 2039-02-17	CAD	109,000	173,141	171,831
TransCanada Trust				
Series 17-A, 4.650%, (floating rate from 2027-05-18), 2077-05-18	CAD	301,000	300,854	300,680
TransLink				
3.150%, 2048-11-16	CAD	387,000	386,392	385,024
			<u>9,894,864</u>	<u>10,102,275</u>
TOTAL CANADIAN BONDS			<u>34,892,881</u>	<u>35,485,789</u>
U.S. Bonds (0.0%)				
Sinai Health System				
Series A, 3.527%, 2056-06-09	CAD	55,000	55,000	54,145
TOTAL BONDS			<u>34,947,881</u>	<u>35,539,934</u>
		<u>Number of Units</u>		
INVESTMENT FUNDS (18.5%)				
Fiera Active Short Term Canadian Municipal Bond Fund		628,943	6,299,463	6,275,590
Fiera Global Equity Fund		1,331,290	14,763,324	27,386,653
TOTAL INVESTMENT FUNDS			<u>21,062,787</u>	<u>33,662,243</u>

* Securities pledged as collateral, in part or in whole, through the securities lending program.

DFS GIF – CANADIAN BALANCED – FIERA CAPITAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Par Value	Cost	Fair Value
		\$	\$
MONEY MARKET SECURITIES (16.4%)			
Canada Treasury Bills			
2018-01-04*	CAD 10,705,000	10,704,132	10,704,132
2018-01-11	CAD 1,135,000	1,134,734	1,134,734
2018-01-25*	CAD 3,335,000	3,333,130	3,333,130
2018-02-08	CAD 375,000	374,669	374,669
2018-02-22*	CAD 6,235,000	6,227,320	6,227,320
2018-03-08	CAD 1,890,000	1,886,543	1,886,543
Ontario Treasury Bills			
2018-02-14	CAD 2,000,000	1,997,496	1,997,496
Province of Québec, notes			
2018-01-30	CAD 4,175,000	4,171,462	4,171,462
TOTAL MONEY MARKET SECURITIES		29,829,486	29,829,486
TOTAL INVESTMENTS (100.0%)		158,545,616	181,623,005
OTHER NET ASSETS (0.0%)			40,977
NET ASSETS (100%)			181,663,982

* Securities pledged as collateral, in part or in whole, through the securities lending program.
The accompanying Notes are an integral part of these financial statements.

TOP 5 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
FIERA GLOBAL EQUITY FUND 15.1%	
Moody's Corporation	5.4%
Keyence Corporation	4.9%
Mastercard	4.2%
Johnson & Johnson	4.0%
Becton, Dickinson and Company	3.9%
FIERA ACTIVE SHORT TERM CANADIAN MUNICIPAL BOND FUND 3.5%	
Province of Ontario, 2.10%, September 8, 2018	4.4%
Province of Ontario, 4.00%, June 2, 2021	3.0%
Province of Ontario, 2.85%, June 2, 2023	3.0%
Province of Ontario, 2.10%, September 8, 2019	2.2%
City of Magog, 2.00%, September 2, 2020	1.6%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide investors with a balance of capital growth and interest income by investing primarily in Canadian fixed income and equity securities.

Strategy of the Fund

To provide such a balance by investing a portion of its assets in the common shares of medium and large cap Canadian corporations and the remainder in Canadian government and Canadian investment-grade corporate bonds and other interest-bearing instruments.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Equities	82,591,342	—	—	82,591,342
Bonds	23,460,002	12,079,932	—	35,539,934
Investment Funds	—	33,662,243	—	33,662,243
Mortgage-Backed Securities	—	—	—	—
Asset-Backed Securities	—	—	—	—
Money Market Securities	29,829,486	—	—	29,829,486
TOTAL	135,880,830	45,742,175	—	181,623,005

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Equities	90,214,593	—	—	90,214,593
Bonds	22,824,518	14,638,198	—	37,462,716
Investment Funds	—	37,524,746	—	37,524,746
Mortgage-Backed Securities	—	40,613	—	40,613
Asset-Backed Securities	—	191,333	—	191,333
Money Market Securities	19,726,325	—	—	19,726,325
TOTAL	132,765,436	52,394,890	—	185,160,326

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Classification of Level 3

As at December 31, 2017 and 2016, the Fund has no financial instruments classified within Level 3.

DFS GIF – CANADIAN BALANCED – FIERA CAPITAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Reconciliation of Level 3 Fair Value Measurement

The following table summarizes a reconciliation of movements on Level 3 financial instruments between the beginning and end of the year:

December 31, 2016	Total
	\$
Balance, Beginning of Year	—
Proceeds from sale of investments	—
Investments purchased	2,799,168
Net realized gain (loss)	—
Net unrealized gain (loss)	—
Transfers to (from) Level 3	(2,799,168)
Balance, End of Year	—

Certain securities classified as Level 3 entailed restrictions. In April 2016, these securities valued at approximately \$2,799,000 were transferred from Level 3 to Level 1 following the expiration of the restrictions. These securities are now valued at the quoted prices on the active markets.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Currency Risk**

Part of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying funds. Detailed disclosure about the currency risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

As at December 31, 2017 and 2016, the majority of the Fund's financial assets and liabilities are denominated in Canadian dollars. As a result, the Fund is not significantly exposed to currency risk.

Interest Rate Risk

Part of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying funds. Detailed disclosure about the interest rate risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

The following table summarizes the Fund's exposure to interest rate risk. It includes the Fund's financial assets and liabilities at fair value, categorized by the earlier of contractual re-pricing or maturity dates. The table also illustrates the impact on the Net Assets Attributable to Contract Owners, had prevailing interest rates changed by 0.25%, assuming a parallel shift in the yield curve, with all other variables held constant.

	Less than 1 Year	1 to 5 Years	5 to 10 Years	Greater than 10 Years	Total	Impact on Net Assets Attributable to Contract Owners
	\$	\$	\$	\$	\$	\$
December 31, 2017	33,043,472	9,195,491	10,468,756	12,851,581	65,559,300	1,190,898
December 31, 2016	22,302,575	14,416,500	9,245,293	11,404,599	57,368,967	962,041

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Concentration Risk

Part of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying funds. Detailed disclosure about the concentration risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

The following table summarizes the concentration risk, as a percentage of the Net Assets Attributable to Contract Owners:

December 31, 2017		December 31, 2016	
Market Segment	%	Market Segment	%
Equities		Equities	
Financials	13.8	Financials	17.4
Industrials	6.9	Energy	12.2
Consumer Staples	5.4	Materials	5.4
Energy	5.0	Consumer Discretionary	4.6
Information Technology	4.8	Industrials	4.3
Telecommunication Services	3.9	Information Technology	2.3
Consumer Discretionary	3.5	Consumer Staples	1.9
Utilities	1.9	Utilities	0.6
Materials	0.3	Health Care	0.2
Bonds	19.6	Bonds	
Investment Funds		Provincial Governments and Crown Corporations	7.9
Growth	15.1	Corporations	7.3
Income	3.4	Government of Canada	5.1
Money Market Securities	16.4	Growth Investment Fund	20.3
TOTAL	100	Money Market Securities	10.7
		Asset-Backed Securities	0.1
		Other Net Assets	(0.3)
		TOTAL	100

Price Risk

The Fund may trade in financial instruments and take positions in traded and over-the-counter instruments.

Part of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying funds. Detailed disclosure about the price risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

Benchmarks	Change in Price %	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017 \$	December 31, 2016 \$
FTSE TMX Canada 91 Day Treasury Bills (10%)	0.25	50,596	51,202
FTSE TMX Canada Universe Bond (30%)	1.00	607,157	614,429
S&P/TSX Capped (40%)	3.00	2,428,628	2,457,718
MSCI World Net (20%)	3.00	1,214,314	1,228,859

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

DFS GIF – CANADIAN BALANCED – FIERA CAPITAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Credit Risk

Part of the Net Assets Attributable to Contract Owners are invested in underlying funds which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying funds. Detailed disclosure about the credit risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

The Fund's credit risk concentration is separated between fixed-income and money market securities. Their fair values include consideration of the issuers' creditworthiness and accordingly, represent the Fund's maximum exposure to credit risk.

Portfolio's Fixed-Income Securities by Credit Rating Category

Credit Rating	Percentage of Fixed-Income Securities	
	December 31, 2017	December 31, 2016
	%	%
AAA	32	28
AA	40	37
A	15	23
BBB	11	12
Not Rated	2	—
TOTAL	100	100

Portfolio's Money Market Securities by Credit Rating Category

Credit Rating	Percentage of Money Market Securities	
	December 31, 2017	December 31, 2016
	%	%
R-1 (High)	79	67
R-1 (Middle)	21	33
TOTAL	100	100

Securities Lending and Repurchase Transactions

As part of its securities lending against cash and repurchase transactions, the Fund is exposed to counterparty credit risk.

The carrying amount of financial assets lent as part of repurchase transactions is:

	\$
December 31, 2017	22,060,881
December 31, 2016	13,335,314

As part of its reverse repurchase transactions, the Fund is permitted to sell or repledge in the absence of default the financial assets held as collateral.

The fair value of those financial assets is:

	\$
December 31, 2017	4,488,700
December 31, 2016	9,580,586

The fair value of financial assets accepted as collateral which have been sold or repledged totalled:

	\$
December 31, 2017	55,281
December 31, 2016	—

These financial assets were received as collateral as part of transactions involving reverse repurchase agreements.

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Liquidity Risk

Part of the Net Assets Attributable to Contract Owners are invested in underlying funds which are exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying funds. Detailed disclosure about the liquidity risk on the underlying funds can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DERECOGNITION OF FINANCIAL ASSETS

Securities Lending and Repurchase Transactions

As part of transactions involving securities lending or repurchase transactions, the Fund transfers financial assets under terms and conditions providing for their future repurchase. These financial assets remain recognized in the "Investments at fair value through profit or loss pledged as collateral" of the Statement of Financial Position as the Fund retains substantially all the risks and rewards related to these assets.

	December 31, 2017	December 31, 2016
	\$	\$
Investments at FVTPL pledged as collateral	36,647,833	27,680,152
Value of Collateral securities	37,380,790	28,233,755

The Funds require collateral in the form of cash or such other securities as may be acceptable to Desjardins Financial Security and that have an aggregate value of no less than 102% of the loaned securities fair value.

The following table presents the carrying amount and the fair value of financial assets transferred by the Fund but not derecognized as well as the related liabilities recognized in "Commitments related to repurchase transactions" and "Commitments related to securities lending" of the Statement of Financial Position.

	December 31, 2017	December 31, 2016
	Fair Value*	Fair Value*
	\$	\$
Financial assets	22,060,881	13,335,314
Related liabilities	22,094,241	13,316,482

*The fair value equals carrying amount.

RECONCILIATION OF INCOME FROM SECURITIES LENDING AND REPURCHASE TRANSACTIONS (Note 2)

The following table shows a reconciliation of the total income generated from securities lending transactions of the Fund and the revenue from securities lending and repurchase transactions disclosed in the Fund's Statement of Comprehensive Income.

	December 31, 2017		December 31, 2016	
	\$	%	\$	%
Total Income	39,033	100	29,335	100
Net Income received by the Fund	23,420	60	17,601	60
Net Income received by Desjardins Trust	16,613	40	11,734	40

DFS GIF – CANADIAN BALANCED – FIERA CAPITAL (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 1	10.46	10.09	9.58	9.53	8.75
Series 3	11.64	11.16	10.53	10.41	9.51
Series 5	12.37	11.78	11.05	10.85	9.85
Series 6	6.09	5.80	5.44	5.35	—
Series 7	6.20	5.88	5.50	5.37	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 1	6,504	7,258	7,752	9,210	9,743
Series 3	12,813	14,379	16,332	19,414	21,183
Series 5	143,568	148,882	152,946	162,582	159,832
Series 6	17,422	13,242	7,625	1,851	—
Series 7	1,357	918	544	323	—
Number of units outstanding (000)					
Series 1	622	719	809	967	1,113
Series 3	1,101	1,289	1,551	1,866	2,229
Series 5	11,608	12,639	13,843	14,988	16,230
Series 6	2,861	2,283	1,401	346	—
Series 7	219	156	99	60	—
Management expense ratio (MER)¹ (%)					
Series 1	3.83	3.83	3.83	3.82	3.82
Series 3	3.18	3.19	3.20	3.19	3.19
Series 5	2.55	2.55	2.55	2.55	2.55
Series 6	2.57	2.57	2.59	2.60	—
Series 7	2.08	2.08	2.12	2.13	—
Portfolio turnover rate² (%)	145.33	117.30	83.51	92.94	127.12

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN BALANCED – FRANKLIN BISSETT*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
FRANKLIN BISSETT CORPORATE BOND FUND	15.1%
Franklin Bissett Core Plus Bond Fund	14.6%
Franklin Bissett Canadian Equity Fund	14.0%
Franklin Bissett Monthly Income and Growth Fund	7.1%
Franklin ActiveQuant U.S. Fund	6.6%
Franklin Bissett Microcap Fund	6.5%
Franklin ActiveQuant Canadian Fund	6.5%
Franklin Mutual European Fund	5.6%
Templeton EAFE Developed Markets Fund	5.5%
Franklin Bissett Small Cap Fund	5.4%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,368	3.7%	10,407	4.1%	10,418	4.2%	10,473	4.7%
3 Years	10,950	3.1%	11,078	3.5%	11,126	3.6%	11,293	4.1%
5 Years	13,167	5.7%	13,425	6.1%	—	—	—	—
10 Years	14,532	3.8%	15,099	4.2%	—	—	—	—
Since Inception	15,240	3.6%	14,872	4.0%	11,360	3.4%	11,560	3.8%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – CANADIAN BALANCED – FRANKLIN BISSETT (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	29,768	29,811
Investments at fair value through profit or loss (FVTPL)	215,928,677	206,621,422
Premiums receivable	61,100	639,710
Receivable for securities sold	76,315	—
	<u>216,095,860</u>	<u>207,290,943</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	492,779	464,549
Withdrawals payable	272,457	368,929
Payable for securities purchased	30,273	247,476
	<u>795,509</u>	<u>1,080,954</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>215,300,351</u>	206,209,989
NET ASSETS PER UNIT		
Series 3	<u>7.62</u>	7.35
Series 5	<u>7.93</u>	7.62
Series 6	<u>5.68</u>	5.45
Series 7	<u>5.78</u>	5.52

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(641)	(17)
Distributions from underlying funds	6,191,319	6,037,088
Changes in fair value:		
Net realized gain (loss) on investments	3,635,571	4,903,076
Net unrealized gain (loss) on investments	4,611,176	14,122,050
	<u>14,437,425</u>	<u>25,062,197</u>
EXPENSES		
Management fees and guarantee charge	4,558,130	4,079,357
Operating expenses	1,275,963	1,210,376
	<u>5,834,093</u>	<u>5,289,733</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>8,603,332</u>	19,772,464
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	221,738	578,052
- per unit	0.27	0.65
Average Number of Units	822,025	884,052
SERIES 5		
Increase (Decrease) in Net Assets from Operations	6,365,433	15,829,540
- per unit	0.31	0.73
Average Number of Units	20,534,843	21,742,549
SERIES 6		
Increase (Decrease) in Net Assets from Operations	1,834,590	3,063,169
- per unit	0.23	0.55
Average Number of Units	7,914,757	5,528,664
SERIES 7		
Increase (Decrease) in Net Assets from Operations	181,571	301,703
- per unit	0.27	0.58
Average Number of Units	683,273	524,251

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	206,209,989	192,544,012
Increase (Decrease) in Net Assets from operations attributable to contract owners	8,603,332	19,772,464
Premiums		
Series 3	632,254	635,513
Series 5	17,575,521	13,397,921
Series 6	15,764,543	12,422,425
Series 7	1,592,836	1,034,920
	35,565,154	27,490,779
Withdrawals		
Series 3	(1,338,002)	(1,865,715)
Series 5	(28,201,981)	(27,458,905)
Series 6	(4,931,808)	(3,942,221)
Series 7	(606,333)	(330,425)
	(35,078,124)	(33,597,266)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	215,300,351	206,209,989

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	8,603,332	19,772,464
Adjustments for:		
Net realized gain (loss)	(3,635,571)	(4,903,076)
Net unrealized gain (loss)	(4,611,176)	(14,122,050)
Non-cash distribution from investments	(6,191,319)	(6,037,088)
Proceeds from sale/maturity of investments	15,487,639	18,941,341
Investments purchased	(10,356,828)	(7,460,340)
Receivable for securities sold	(76,315)	68,041
Accrued expenses	28,230	23,507
Payable for securities purchased	(217,203)	71,849
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(969,211)	6,354,648
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	36,143,764	27,293,651
Amounts paid on withdrawals	(35,174,596)	(33,550,602)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	969,168	(6,256,951)
Increase (decrease) in cash/ bank overdraft	(43)	97,697
Cash (bank overdraft), beginning of year	29,811	(67,886)
CASH (BANK OVERDRAFT), END OF YEAR	29,768	29,811
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	641	23

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN BALANCED – FRANKLIN BISSETT (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Bissett Canadian Balanced Fund, Series O	4,557,380	166,839,134	215,928,677
Total Investments		166,839,134	215,928,677
Other Net Assets (-0.3%)			(628,326)
Net Assets (100%)			215,300,351

The accompanying Notes are an integral part of these financial statements.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Franklin Bissett Corporate Bond Fund	15.1%
Franklin Bissett Core Plus Bond Fund	14.6%
Franklin Bissett Canadian Equity Fund	14.0%
Franklin Bissett Monthly Income and Growth Fund	7.1%
Franklin ActiveQuant U.S. Fund	6.6%
Franklin Bissett Microcap Fund	6.5%
Franklin ActiveQuant Canadian Fund	6.5%
Franklin Mutual European Fund	5.6%
Templeton EAFE Developed Markets Fund	5.5%
Franklin Bissett Small Cap Fund	5.4%
Franklin U.S. Rising Dividends Fund	4.9%
Franklin Bissett Canadian Dividend Fund	4.3%
Templeton Global Bond Fund	4.1%
Franklin Bissett Canadian Government Bond Fund	1.9%
Cash and Cash Equivalents	-2.1%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide investors with a balance of current income and long-term capital appreciation primarily through the investment in Canadian fixed-income and equity securities.

Strategy of the Fund

To provide such an opportunity by investing in a diversified portfolio of Franklin Bissett mutual funds. The underlying funds may invest in foreign securities.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	215,928,677	—	—	215,928,677
TOTAL	215,928,677	—	—	215,928,677

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	206,621,422	—	—	206,621,422
TOTAL	206,621,422	—	—	206,621,422

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – CANADIAN BALANCED – FRANKLIN BISSETT (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (35%)	1.00	695,443	639,432
Bloomberg Barclays U.S. Aggregate Bond (2.5%)	1.00	49,674	45,674
J.P. Morgan Global Government Bond (2.5%)	1.00	49,674	45,674
S&P/TSX Small Cap (5%)	3.00	298,047	274,042
S&P/TSX (32.5%)	3.00	1,937,304	1,781,275
S&P 500 (10%)	3.00	596,094	548,084
MSCI EAFE Net (10%)	3.00	596,094	548,084
MSCI Emerging Markets Net (2.5%)	3.00	149,023	137,021

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	7.62	7.35	6.66	6.96	6.68
Series 5	7.93	7.62	6.88	7.16	6.84
Series 6	5.68	5.45	4.91	5.10	—
Series 7	5.78	5.52	4.95	5.12	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	5,588	6,072	6,724	8,415	9,253
Series 5	156,454	160,715	158,946	199,608	188,334
Series 6	48,604	35,937	24,394	17,031	—
Series 7	4,655	3,487	2,480	1,284	—
Number of units outstanding (000)					
Series 3	733	826	1,010	1,209	1,385
Series 5	19,728	21,092	23,115	27,885	27,520
Series 6	8,551	6,591	4,965	3,336	—
Series 7	805	632	501	251	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.18	3.18	3.17	3.19	3.18
Series 5	2.77	2.77	2.77	2.77	2.77
Series 6	2.61	2.60	2.59	2.61	—
Series 7	2.11	2.11	2.10	2.00	—
Portfolio turnover rate ² (%)	7.99	7.99	5.38	6.14	3.49

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – BALANCED GROWTH – FRANKLIN QUOTENTIAL

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Franklin Bissett Core Plus Bond Fund	17.5%
Franklin Bissett Canadian Equity Fund	7.3%
Franklin Bissett Canadian Government Bond Fund	7.0%
Franklin U.S. Rising Dividends Fund	5.7%
Franklin Mutual European Fund	5.5%
Franklin U.S. Core Equity Fund	5.0%
Franklin Templeton Canadian Large Cap Fund	4.9%
Franklin ActiveQuant Canadian Fund	4.9%
Franklin U.S. Opportunities Fund	4.1%
Franklin Strategic Income Fund	3.9%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,514	5.1%	10,539	5.4%	10,569	5.7%	10,613	6.1%
3 Years	11,094	3.5%	11,185	3.8%	11,254	4.0%	11,397	4.5%
5 Years	13,422	6.1%	13,607	6.4%	—	—	—	—
10 Years	13,388	3.0%	13,816	3.3%	—	—	—	—
Since Inception	13,280	2.6%	13,538	3.0%	11,680	4.1%	11,880	4.6%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	512,949,135	520,123,106
Premiums receivable	114,308	415,265
Receivable for securities sold	62,379	371,782
	<u>513,125,822</u>	<u>520,910,153</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	45,254	243,546
Accrued expenses	1,267,696	1,276,662
Withdrawals payable	488,004	965,268
	<u>1,800,954</u>	<u>2,485,476</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>511,324,868</u>	518,424,677
NET ASSETS PER UNIT		
Series 3	<u>6.64</u>	6.32
Series 5	<u>6.86</u>	6.51
Series 6	<u>5.84</u>	5.53
Series 7	<u>5.94</u>	5.60

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(1,544)	—
Distributions from underlying funds	13,622,779	9,875,613
Changes in fair value:		
Net realized gain (loss) on investments	15,306,064	23,223,171
Net unrealized gain (loss) on investments	13,671,155	(10,144,391)
	<u>42,598,454</u>	<u>22,954,393</u>
EXPENSES		
Management fees and guarantee charge	12,239,646	12,323,826
Operating expenses	2,929,712	2,988,666
	<u>15,169,358</u>	<u>15,312,492</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>27,429,096</u>	7,641,901
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	557,086	138,962
- per unit	0.33	0.07
Average Number of Units	1,677,503	1,972,602
SERIES 5		
Increase (Decrease) in Net Assets from Operations	24,676,897	6,691,407
- per unit	0.36	0.09
Average Number of Units	68,960,721	75,200,258
SERIES 6		
Increase (Decrease) in Net Assets from Operations	1,931,304	715,435
- per unit	0.31	0.14
Average Number of Units	6,185,559	5,047,871
SERIES 7		
Increase (Decrease) in Net Assets from Operations	263,809	96,097
- per unit	0.34	0.16
Average Number of Units	768,333	601,863

The accompanying Notes are an integral part of these financial statements.

DFS GIF – BALANCED GROWTH – FRANKLIN QUOTENTIAL (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	518,424,677	535,971,910
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>27,429,096</u>	7,641,901
Premiums		
Series 3	247,405	999,687
Series 5	36,005,815	39,892,965
Series 6	8,399,696	12,452,211
Series 7	390,786	1,573,482
	<u>45,043,702</u>	54,918,345
Withdrawals		
Series 3	(1,855,564)	(2,340,271)
Series 5	(73,709,387)	(73,586,549)
Series 6	(3,943,383)	(3,748,599)
Series 7	(64,273)	(432,060)
	<u>(79,572,607)</u>	(80,107,479)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	511,324,868	518,424,677

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	27,429,096	7,641,901
Adjustments for:		
Net realized gain (loss)	(15,306,064)	(23,223,171)
Net unrealized gain (loss)	(13,671,155)	10,144,391
Non-cash distribution from investments	(13,622,779)	(9,875,613)
Proceeds from sale/maturity of investments	52,225,938	47,115,452
Investments purchased	(2,451,969)	(6,678,574)
Receivable for securities sold	309,403	(193,742)
Accrued expenses	(8,966)	(44,008)
Payable for securities purchased	—	(109,762)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	34,903,504	24,776,874
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	45,344,659	54,800,423
Amounts paid on withdrawals	(80,049,871)	(79,642,726)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(34,705,212)	(24,842,303)
Increase (decrease) in cash/ bank overdraft	198,292	(65,429)
Cash (bank overdraft), beginning of year	(243,546)	(178,117)
CASH (BANK OVERDRAFT), END OF YEAR	(45,254)	(243,546)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	1,544	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Quotential Balanced Growth Portfolio	44,219,753	361,221,792	512,949,135
Total Investments		361,221,792	512,949,135
Other Net Assets (-0.3%)			(1,624,267)
Net Assets (100%)			511,324,868

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Franklin Bissett Core Plus Bond Fund	17.5%
Franklin Bissett Canadian Equity Fund	7.3%
Franklin Bissett Canadian Government Bond Fund	7.0%
Franklin U.S. Rising Dividends Fund	5.7%
Franklin Mutual European Fund	5.5%
Franklin U.S. Core Equity Fund	5.0%
Franklin Templeton Canadian Large Cap Fund	4.9%
Franklin ActiveQuant Canadian Fund	4.9%
Franklin U.S. Opportunities Fund	4.1%
Franklin Strategic Income Fund	3.9%
Franklin LibertyQT U.S. Equity Index ETF	3.8%
Templeton Global Bond Fund	3.2%
Franklin Japan Fund	3.1%
iShares S&P/TSX 60 Index ETF	3.1%
iShares MSCI Japan ETF	3.0%
BMO MSCI Europe High Quality Hedged to CAD Index ETF	2.7%
SPDR Euro Stoxx 50 ETF	2.3%
Templeton Asian Growth Fund	2.3%
Franklin Bissett Small Cap Fund	2.0%
Franklin Bissett Canadian Short Term Bond Fund	1.8%
Financial Select Sector SPDR ETF	1.8%
Franklin U.S. Low Duration Fund	1.7%
iShares Core MSCI Emerging Markets ETF	1.5%
Templeton Emerging Markets Smaller Companies Fund	1.2%
Templeton Frontier Markets Fund	0.6%

DFS GIF – BALANCED GROWTH – FRANKLIN QUOTENTIAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To provide a balance of capital growth and interest income by investing primarily in units of an individual underlying fund in order to gain the desired exposure to the equity and fixed income markets.

Strategy of the Fund

To emphasize investments in equity underlying funds in order to increase the potential for capital appreciation over a longer investment horizon. The Fund also invests, to a lesser extent, in fixed income underlying funds in order to provide stability.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	512,949,135	—	—	512,949,135
TOTAL	512,949,135	—	—	512,949,135

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	520,123,106	—	—	520,123,106
TOTAL	520,123,106	—	—	520,123,106

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (30%)	1.00	1,876,395	1,790,882
Bloomberg Barclays Multiverse Bond (10%)	1.00	625,465	596,961
S&P/TSX (30%)	3.00	5,629,184	5,372,647
MSCI All Country World Net (30%)	3.00	5,629,184	5,372,647

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – BALANCED GROWTH – FRANKLIN QUOTENTIAL (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	6.64	6.32	6.24	5.99	5.63
Series 5	6.86	6.51	6.41	6.13	5.75
Series 6	5.84	5.53	5.43	5.19	—
Series 7	5.94	5.60	5.48	5.21	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	10,448	11,499	12,701	13,055	13,916
Series 5	457,210	470,236	497,238	494,560	485,319
Series 6	38,969	32,581	23,162	8,240	—
Series 7	4,699	4,108	2,871	449	—
Number of units outstanding (000)					
Series 3	1,573	1,821	2,036	2,181	2,473
Series 5	66,604	72,244	77,569	80,634	84,385
Series 6	6,675	5,896	4,263	1,588	—
Series 7	791	734	524	86	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.26	3.26	3.27	3.27	3.29
Series 5	2.97	2.97	2.97	2.97	2.97
Series 6	2.79	2.80	2.79	2.80	—
Series 7	2.29	2.34	2.36	2.36	—
Portfolio turnover rate ² (%)	5.12	3.18	10.50	2.63	2.79

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN BALANCED – CI SIGNATURE*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Scotiabank	3.5%
Manulife Financial Corporation	3.2%
Toronto-Dominion Bank	3.1%
SPDR Gold Shares	1.9%
Suncor Energy	1.9%
EnCana Corporation	1.7%
Samsung Electronics	1.6%
Sony Corporation	1.6%
Synchrony Financial	1.5%
Enbridge	1.5%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,869	8.7%	10,886	8.9%	10,954	9.5%
3 Years	11,262	4.0%	11,326	4.2%	11,500	4.8%
5 Years	13,869	6.8%	—	—	—	—
Since Inception	15,060	5.5%	12,160	5.2%	12,400	5.7%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – CANADIAN BALANCED – CI SIGNATURE (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	19,933	—
Investments at fair value through profit or loss (FVTPL)	136,905,234	113,628,274
Premiums receivable	139,253	274,341
Receivable for securities sold	135,049	95,786
Interest, dividends and other receivables	77	—
	<u>137,199,546</u>	<u>113,998,401</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	95,849
Accrued expenses	331,296	275,933
Withdrawals payable	307,855	162,549
Payable for securities purchased	20,363	123,900
	<u>659,514</u>	<u>658,231</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>136,540,032</u>	<u>113,340,170</u>
NET ASSETS PER UNIT		
Series 3	<u>7.53</u>	6.93
Series 5	<u>6.08</u>	5.59
Series 6	<u>6.20</u>	5.66

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(293)	—
Distributions from underlying funds	15,284,652	2,946,816
Changes in fair value:		
Net realized gain (loss) on investments	665,386	(181,267)
Net unrealized gain (loss) on investments	(1,780,491)	5,795,689
	<u>14,169,254</u>	<u>8,561,238</u>
EXPENSES		
Management fees and guarantee charge	2,904,752	2,530,617
Operating expenses	716,785	646,814
	<u>3,621,537</u>	<u>3,177,431</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>10,547,717</u>	<u>5,383,807</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>7,587,816</u>	3,949,926
- per unit	<u>0.61</u>	0.31
Average Number of Units	<u>12,461,392</u>	12,539,699
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>2,690,463</u>	1,309,521
- per unit	<u>0.50</u>	0.29
Average Number of Units	<u>5,423,723</u>	4,485,307
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>269,438</u>	124,360
- per unit	<u>0.56</u>	0.33
Average Number of Units	<u>477,486</u>	377,309

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	113,340,170	110,168,851
Increase (Decrease) in Net Assets from operations attributable to contract owners	10,547,717	5,383,807
Premiums		
Series 5	22,511,936	7,202,438
Series 6	7,994,376	7,684,018
Series 7	1,378,072	923,876
	31,884,384	15,810,332
Withdrawals		
Series 5	(15,947,522)	(13,684,284)
Series 6	(2,933,608)	(3,879,857)
Series 7	(351,109)	(458,679)
	(19,232,239)	(18,022,820)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	136,540,032	113,340,170

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	10,547,717	5,383,807
Adjustments for:		
Net realized gain (loss)	(665,386)	181,267
Net unrealized gain (loss)	1,780,491	(5,795,689)
Non-cash distribution from investments	(15,284,652)	(2,946,816)
Proceeds from sale/maturity of investments	8,156,128	11,056,105
Investments purchased	(17,263,541)	(5,854,825)
Receivable for securities sold	(39,263)	107,895
Interest, dividends and other receivables	(77)	—
Accrued expenses	55,363	6,852
Payable for securities purchased	(103,537)	123,900
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(12,816,757)	2,262,496
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	32,019,472	15,892,573
Amounts paid on withdrawals	(19,086,933)	(18,218,597)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	12,932,539	(2,326,024)
Increase (decrease) in cash/ bank overdraft	115,782	(63,528)
Cash (bank overdraft), beginning of year	(95,849)	(32,321)
CASH (BANK OVERDRAFT), END OF YEAR	19,933	(95,849)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	370	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN BALANCED – CI SIGNATURE (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Signature Canadian Balanced Fund, Class I	14,184,882	133,674,175	136,905,234
Total Investments		133,674,175	136,905,234
Other Net Assets (-0.3%)			(365,202)
Net Assets (100%)			136,540,032

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Scotiabank	3.5%
Manulife Financial Corporation	3.2%
Toronto-Dominion Bank	3.1%
SPDR Gold Shares	1.9%
Suncor Energy	1.9%
EnCana Corporation	1.7%
Samsung Electronics	1.6%
Sony Corporation	1.6%
Synchrony Financial	1.5%
Enbridge	1.5%
Canadian Imperial Bank of Commerce	1.4%
Province of Ontario, 2.85%, June 2, 2023	1.4%
Royal Bank of Canada	1.3%
Micron Technology	1.3%
Province of Ontario, 3.50%, June 2, 2024	1.2%
Canadian Natural Resources	1.2%
Province of Ontario, 2.40%, June 2, 2026	1.1%
Canadian Pacific Railway	1.1%
Wells Fargo & Company	1.1%
Nestlé SA	1.1%
Canada Treasury Bills, February 22, 2018	1.0%
Province of Ontario, 2.60%, June 2, 2025	1.0%
Power Corporation of Canada	1.0%
Province of Quebec, 2.50%, September 1, 2026	0.9%
Alibaba Group Holding	0.9%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide investors with an attractive balance of current income and capital appreciation by investing primarily in a combination of Canadian equity and equity-related securities and fixed income securities.

Strategy of the Fund

For the equity portion, the Fund invests primarily in companies providing a stable income or consistent dividends. For the fixed income portion, the portfolio advisor selects high-quality fixed income securities, including bank loans and floating rate debt instruments but may choose to shift the weighting of the portion of the Fund held in bonds with longer terms to maturity depending on the expected fluctuations in interest rates. The Fund may also invest in foreign securities as well as warrants, and derivatives, the latter to aid in hedging against potential losses resulting from changes in the prices of the securities that the Fund has invested in as well as any exposure from foreign currencies.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	136,905,234	—	—	136,905,234
TOTAL	136,905,234	—	—	136,905,234

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	113,628,274	—	—	113,628,274
TOTAL	113,628,274	—	—	113,628,274

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – CANADIAN BALANCED – CI SIGNATURE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe			
Bond (40%)	1.00	432,262	377,639
S&P/TSX (30%)	3.00	972,589	849,688
MSCI All Country World Net (30%)	3.00	972,589	849,688

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 5	7.53	6.93	6.60	6.69	6.07
Series 6	6.08	5.59	5.31	5.37	—
Series 7	6.20	5.66	5.36	5.39	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 5	97,640	83,488	86,020	87,200	81,151
Series 6	35,197	27,445	22,332	8,501	—
Series 7	3,703	2,407	1,817	645	—
Number of units outstanding (000)					
Series 5	12,966	12,051	13,032	13,042	13,368
Series 6	5,786	4,914	4,204	1,584	—
Series 7	598	425	339	120	—
Management expense ratio (MER) ¹ (%)					
Series 5	2.99	2.99	2.99	2.99	2.99
Series 6	2.78	2.79	2.78	2.77	—
Series 7	2.28	2.29	2.34	2.36	—
Portfolio turnover rate ² (%)	6.42	7.84	15.01	14.81	9.57

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – INCOME AND GROWTH – CI SIGNATURE

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Scotiabank	3.5%
Manulife Financial Corporation	3.2%
Toronto-Dominion Bank	3.1%
SPDR Gold Shares	1.9%
Suncor Energy	1.9%
EnCana Corporation	1.7%
Sony Corporation	1.6%
Synchrony Financial	1.5%
Enbridge	1.5%
Canadian Imperial Bank of Commerce	1.5%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,925	9.2%	10,935	9.4%	10,988	9.9%
3 Years	11,424	4.5%	11,475	4.7%	11,651	5.2%
5 Years	14,010	7.0%	—	—	—	—
Since Inception	14,260	7.0%	12,160	5.2%	12,380	5.7%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	599,304	9,601
Investments at fair value through profit or loss (FVTPL)	93,209,284	73,197,187
Premiums receivable	213,332	1,212,973
	<u>94,021,920</u>	<u>74,419,761</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	222,928	177,337
Withdrawals payable	81,111	116,594
Payable for securities purchased	726,553	1,101,945
	<u>1,030,592</u>	<u>1,395,876</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>92,991,328</u>	73,023,885
NET ASSETS PER UNIT		
Series 5	<u>7.13</u>	6.53
Series 6	<u>6.08</u>	5.56
Series 7	<u>6.19</u>	5.63

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(197)	17
Distributions from underlying funds	6,947,033	2,243,377
Changes in fair value:		
Net realized gain (loss) on investments	415,917	(298,445)
Net unrealized gain (loss) on investments	2,314,945	4,631,579
	<u>9,677,698</u>	<u>6,576,528</u>
EXPENSES		
Management fees and guarantee charge	2,103,032	1,753,238
Operating expenses	270,774	239,160
	<u>2,373,806</u>	<u>1,992,398</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>7,303,892</u>	4,584,130
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	3,694,865	2,565,910
- per unit	0.60	0.38
Average Number of Units	6,155,801	6,687,580
SERIES 6		
Increase (Decrease) in Net Assets from Operations	3,254,471	1,941,452
- per unit	0.53	0.41
Average Number of Units	6,160,057	4,764,759
SERIES 7		
Increase (Decrease) in Net Assets from Operations	354,556	76,768
- per unit	0.69	0.39
Average Number of Units	510,516	197,576

The accompanying Notes are an integral part of these financial statements.

DFS GIF – INCOME AND GROWTH – CI SIGNATURE (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	<u>73,023,885</u>	69,139,037
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>7,303,892</u>	4,584,130
Premiums		
Series 5	11,251,079	4,139,236
Series 6	12,038,333	11,712,843
Series 7	<u>4,515,012</u>	1,157,919
	<u>27,804,424</u>	17,009,998
Withdrawals		
Series 5	(10,798,042)	(12,589,987)
Series 6	(4,140,851)	(4,846,788)
Series 7	<u>(201,980)</u>	(272,505)
	<u>(15,140,873)</u>	(17,709,280)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	<u>92,991,328</u>	73,023,885

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	7,303,892	4,584,130
Adjustments for:		
Net realized gain (loss)	(415,917)	298,445
Net unrealized gain (loss)	(2,314,945)	(4,631,579)
Non-cash distribution from investments	(6,947,033)	(2,243,377)
Proceeds from sale/maturity of investments	6,051,129	10,515,327
Investments purchased	(16,385,331)	(7,994,171)
Receivable for securities sold	—	28,314
Accrued expenses	45,591	7,131
Payable for securities purchased	(375,392)	1,095,342
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(13,038,006)</u>	1,659,562
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	28,804,065	16,029,294
Amounts paid on withdrawals	(15,176,356)	(17,675,358)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>13,627,709</u>	(1,646,064)
Increase (decrease) in cash/ bank overdraft	589,703	13,498
Cash (bank overdraft), beginning of year	9,601	(3,897)
CASH (BANK OVERDRAFT), END OF YEAR	<u>599,304</u>	9,601
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>238</u>	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
Signature Income & Growth Fund, Class I	9,328,408	86,229,439	93,209,284
Total Investments		86,229,439	93,209,284
Other Net Assets (-0.2%)			(217,956)
Net Assets (100%)			92,991,328

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Scotiabank	3.5%
Manulife Financial Corporation	3.2%
Toronto-Dominion Bank	3.1%
SPDR Gold Shares	1.9%
Suncor Energy	1.9%
EnCana Corporation	1.7%
Sony Corporation	1.6%
Synchrony Financial	1.5%
Enbridge	1.5%
Canadian Imperial Bank of Commerce	1.5%
Samsung Electronics	1.5%
Royal Bank of Canada	1.3%
Canadian Natural Resources	1.3%
Micron Technology	1.3%
Canadian Pacific Railway	1.1%
Wells Fargo & Company	1.1%
Nestlé SA	1.1%
Power Corporation of Canada	1.0%
Province of Ontario, 2.85%, June 2, 2023	1.0%
Alibaba Group Holding	0.9%
Canadian National Railway Company	0.8%
Glencore	0.8%
Canada Treasury Bills, February 22, 2018	0.8%
Saputo	0.8%
Sun Life Financial	0.8%

DFS GIF – INCOME AND GROWTH – CI SIGNATURE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

The objective of this Fund is to provide a steady flow of current income while preserving capital by obtaining exposure primarily to equity, equity related and fixed income securities of Canadian issuers.

Strategy of the Fund

The Fund invests in a combination of equity, fixed income and derivatives. Broadly diversified by sector and style, preferred and common shares make up portions of the Fund's investments in equity securities. The fixed income portion of the Fund's investments is comprised of high-yielding government and corporate bonds, debentures and notes, including some securities that are unrated or have credit ratings below investment grade. The Fund may also invest in real estate investment trusts (REITs), royalty trusts, income trusts and other similar high yielding instruments.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	93,209,284	—	—	93,209,284
TOTAL	93,209,284	—	—	93,209,284

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	73,197,187	—	—	73,197,187
TOTAL	73,197,187	—	—	73,197,187

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (15%)	1.00	114,641	88,478
Merrill Lynch High Yield Master II (15%)	2.00	229,283	176,956
S&P/TSX Composite High Dividend (10%)	3.00	229,283	176,956
S&P/TSX (30%)	3.00	687,849	530,867
MSCI All Country World Net (30%)	3.00	687,849	530,867

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – INCOME AND GROWTH – CI SIGNATURE (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 5	7.13	6.53	6.10	6.24	5.75
Series 6	6.08	5.56	5.19	5.30	—
Series 7	6.19	5.63	5.23	5.31	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 5	44,345	40,197	46,082	51,381	40,521
Series 6	42,007	30,855	22,047	6,386	—
Series 7	6,640	1,972	1,010	495	—
Number of units outstanding (000)					
Series 5	6,220	6,159	7,558	8,232	7,043
Series 6	6,906	5,549	4,250	1,205	—
Series 7	1,072	350	193	93	—
Management expense ratio (MER) ¹ (%)					
Series 5	3.04	3.05	3.05	3.07	3.07
Series 6	2.89	2.90	2.85	2.84	—
Series 7	2.36	2.36	2.32	2.47	—
Portfolio turnover rate ² (%)					
	7.42	19.52	14.11	8.86	4.36

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – GROWTH AND INCOME – NEI NORTHWEST*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
NEI Northwest Global Equity Fund	35.0%
NEI Canadian Bond Fund	21.1%
Toronto-Dominion Bank	4.2%
Scotiabank	4.0%
Quebecor	2.8%
FirstService Corporation	2.7%
Manulife Financial Corporation	2.6%
Onex Corporation	2.4%
Colliers International Group	2.3%
Rogers Communications	2.2%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,855	8.6%	10,930	9.3%	10,936	9.4%	10,991	9.9%
3 Years	11,867	5.9%	12,108	6.6%	12,131	6.7%	12,316	7.2%
5 Years	14,672	8.0%	15,168	8.7%	—	—	—	—
10 Years	14,259	3.6%	15,172	4.3%	—	—	—	—
Since Inception	13,480	2.7%	14,672	3.8%	12,600	6.2%	12,840	6.7%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – GROWTH AND INCOME – NEI NORTHWEST (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	455,769	615,610
Investments at fair value through profit or loss (FVTPL)	191,039,845	167,997,431
Premiums receivable	175,751	424,464
Receivable for securities sold	21,496	31,355
	<u>191,692,861</u>	<u>169,068,860</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	464,663	408,006
Withdrawals payable	229,606	459,708
Payable for securities purchased	77,271	305,167
	<u>771,540</u>	<u>1,172,881</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>190,921,321</u>	<u>167,895,979</u>
NET ASSETS PER UNIT		
Series 3	<u>6.74</u>	6.21
Series 5	<u>7.18</u>	6.57
Series 6	<u>6.30</u>	5.76
Series 7	<u>6.42</u>	5.84

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	117	—
Distributions from underlying funds	3,421,067	4,854,252
Changes in fair value:		
Net realized gain (loss) on investments	3,796,382	4,238,283
Net unrealized gain (loss) on investments	13,811,956	7,180,142
	<u>21,029,522</u>	<u>16,272,677</u>
EXPENSES		
Management fees and guarantee charge	4,281,559	3,730,113
Operating expenses	913,539	831,144
	<u>5,195,098</u>	<u>4,561,257</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>15,834,424</u>	<u>11,711,420</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	146,961	134,513
- per unit	0.53	0.38
Average Number of Units	275,268	358,100
SERIES 5		
Increase (Decrease) in Net Assets from Operations	13,039,520	10,134,032
- per unit	0.61	0.46
Average Number of Units	21,272,100	22,089,144
SERIES 6		
Increase (Decrease) in Net Assets from Operations	2,459,494	1,354,084
- per unit	0.54	0.46
Average Number of Units	4,548,723	2,918,254
SERIES 7		
Increase (Decrease) in Net Assets from Operations	188,449	88,791
- per unit	0.57	0.53
Average Number of Units	329,527	168,058

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	167,895,979	154,455,257
Increase (Decrease) in Net Assets from operations attributable to contract owners	15,834,424	11,711,420
Premiums		
Series 3	458,204	205,013
Series 5	19,470,537	19,367,077
Series 6	16,393,738	8,118,908
Series 7	2,365,617	671,355
	38,688,096	28,362,353
Withdrawals		
Series 3	(597,867)	(652,234)
Series 5	(28,049,516)	(23,801,196)
Series 6	(2,655,708)	(2,160,730)
Series 7	(194,087)	(18,891)
	(31,497,178)	(26,633,051)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	190,921,321	167,895,979

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	15,834,424	11,711,420
Adjustments for:		
Net realized gain (loss)	(3,796,382)	(4,238,283)
Net unrealized gain (loss)	(13,811,956)	(7,180,142)
Non-cash distribution from investments	(3,421,067)	(4,854,252)
Proceeds from sale/maturity of investments	12,679,672	12,328,256
Investments purchased	(14,692,681)	(9,522,726)
Receivable for securities sold	9,859	(48)
Accrued expenses	56,657	29,197
Payable for securities purchased	(227,896)	298,779
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(7,369,370)	(1,427,799)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	38,936,809	27,955,037
Amounts paid on withdrawals	(31,727,280)	(26,283,098)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	7,209,529	1,671,939
Increase (decrease) in cash/ bank overdraft	(159,841)	244,140
Cash (bank overdraft), beginning of year	615,610	371,470
CASH (BANK OVERDRAFT), END OF YEAR	455,769	615,610
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	176	—
Interest paid	59	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – GROWTH AND INCOME – NEI NORTHWEST (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.1%)		\$	\$
NEI Northwest Growth and Income Fund, Series I	24,636,316	131,225,105	191,039,845
Total Investments		131,225,105	191,039,845
Other Net Assets (-0.1%)			(118,524)
Net Assets (100%)			190,921,321

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
NEI Northwest Global Equity Fund	35.0%
NEI Canadian Bond Fund	21.1%
Toronto-Dominion Bank	4.2%
Scotiabank	4.0%
Quebecor	2.8%
FirstService Corporation	2.7%
Manulife Financial Corporation	2.6%
Onex Corporation	2.4%
Colliers International Group	2.3%
Rogers Communications	2.2%
Sun Life Financial	2.2%
Air Canada	2.1%
Magna International	2.1%
TELUS Corporation	2.1%
Bombardier	1.7%
Thomson Reuters Corporation	1.5%
BCE	1.3%
Vermilion Energy	1.0%
First Quantum Minerals	1.0%
Pason Systems	0.8%
NorthWest Healthcare Properties Real Estate Investment Trust	0.8%
TMX Group	0.6%
Badger Daylighting	0.6%
Extencicare	0.5%
Bonterra Energy	0.4%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide a consistent stream of income and capital appreciation by investing primarily in a mix of Canadian equities and fixed-income securities.

Strategy of the Fund

To invest in a diversified portfolio consisting primarily of a balance of large cap equity and investment grade fixed-income securities issued principally by Canadian issuers.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	191,039,845	—	—	191,039,845
TOTAL	191,039,845	—	—	191,039,845

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	167,997,431	—	—	167,997,431
TOTAL	167,997,431	—	—	167,997,431

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – GROWTH AND INCOME – NEI NORTHWEST (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe			
Bond (25%)	1.00	460,261	372,084
S&P/TSX (55%)	3.00	3,037,721	2,455,754
MSCI World Net (20%)	3.00	1,104,626	893,001

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	6.74	6.21	5.81	5.68	5.36
Series 5	7.18	6.57	6.10	5.93	5.56
Series 6	6.30	5.76	5.35	5.19	—
Series 7	6.42	5.84	5.40	5.21	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	2,005	1,998	2,311	2,926	2,686
Series 5	148,789	144,329	138,629	146,205	137,238
Series 6	36,292	20,094	12,782	5,832	—
Series 7	3,835	1,475	734	445	—
Number of units outstanding (000)					
Series 3	298	322	398	515	501
Series 5	20,722	21,971	22,715	24,654	24,672
Series 6	5,758	3,488	2,390	1,123	—
Series 7	597	253	136	85	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.63	3.64	3.64	3.64	3.64
Series 5	2.94	2.94	2.94	2.94	2.94
Series 6	2.84	2.85	2.87	2.86	—
Series 7	2.29	2.30	2.41	2.41	—
Portfolio turnover rate ² (%)	7.78	8.67	6.07	5.44	5.38

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – GLOBAL GROWTH – NEI SELECT*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
NEI Ethical International Equity Fund	14.1%
NEI Ethical Global Equity Fund	13.0%
NEI Northwest Global Equity Fund	12.9%
NEI Global Value Fund	9.9%
NEI Northwest Emerging Markets Fund	9.0%
NEI Northwest U.S. Dividend Fund	8.9%
NEI Northwest Specialty Equity Fund	7.1%
NEI Global Total Return Bond Fund	7.0%
NEI Northwest Canadian Dividend Fund	5.0%
NEI Northwest Canadian Equity Fund	5.0%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,790	7.9%	10,868	8.7%	10,887	8.9%	10,943	9.4%
3 Years	11,943	6.1%	12,197	6.8%	12,248	7.0%	12,425	7.5%
5 Years	14,498	7.7%	15,004	8.5%	—	—	—	—
10 Years	13,274	2.9%	14,210	3.6%	—	—	—	—
Since Inception	16,600	3.2%	13,896	3.3%	12,560	6.1%	12,760	6.5%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	88,509	130,982
Investments at fair value through profit or loss (FVTPL)	115,139,660	94,089,633
Premiums receivable	63,252	234,983
Receivable for securities sold	88,442	—
	<u>115,379,863</u>	<u>94,455,598</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	294,182	239,322
Withdrawals payable	244,808	97,499
Payable for securities purchased	43,836	298,611
	<u>582,826</u>	<u>635,432</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>114,797,037</u>	<u>93,820,166</u>
NET ASSETS PER UNIT		
Series 3	<u>8.30</u>	7.69
Series 5	<u>8.90</u>	8.19
Series 6	<u>6.28</u>	5.77
Series 7	<u>6.38</u>	5.83

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(234)	—
Distributions from underlying funds	4,303,351	3,564,650
Changes in fair value:		
Net realized gain (loss) on investments	536,341	(25,606)
Net unrealized gain (loss) on investments	7,019,184	4,678,862
	<u>11,858,642</u>	<u>8,217,906</u>
EXPENSES		
Management fees and guarantee charge	2,671,744	2,225,991
Operating expenses	532,708	475,079
	<u>3,204,452</u>	<u>2,701,070</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>8,654,190</u>	<u>5,516,836</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	274,481	194,955
- per unit	0.60	0.38
Average Number of Units	458,428	512,122
SERIES 5		
Increase (Decrease) in Net Assets from Operations	6,183,781	4,313,620
- per unit	0.71	0.49
Average Number of Units	8,697,307	8,882,502
SERIES 6		
Increase (Decrease) in Net Assets from Operations	1,895,431	901,123
- per unit	0.52	0.39
Average Number of Units	3,654,110	2,298,825
SERIES 7		
Increase (Decrease) in Net Assets from Operations	300,497	107,138
- per unit	0.50	0.46
Average Number of Units	600,449	233,177

The accompanying Notes are an integral part of these financial statements.

DFS GIF – GLOBAL GROWTH – NEI SELECT (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	93,820,166	83,760,452
Increase (Decrease) in Net Assets from operations attributable to contract owners	8,654,190	5,516,836
Premiums		
Series 3	220,232	100,223
Series 5	13,885,525	9,720,624
Series 6	10,630,896	8,131,262
Series 7	3,435,399	982,579
	28,172,052	18,934,688
Withdrawals		
Series 3	(568,727)	(637,538)
Series 5	(13,237,006)	(11,191,107)
Series 6	(1,919,137)	(2,470,673)
Series 7	(124,501)	(92,492)
	(15,849,371)	(14,391,810)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	114,797,037	93,820,166

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	8,654,190	5,516,836
Adjustments for:		
Net realized gain (loss)	(536,341)	25,606
Net unrealized gain (loss)	(7,019,184)	(4,678,862)
Non-cash distribution from investments	(4,303,351)	(3,564,650)
Proceeds from sale/maturity of investments	6,061,061	7,684,815
Investments purchased	(15,252,212)	(9,593,876)
Receivable for securities sold	(88,442)	69,564
Accrued expenses	54,860	23,927
Payable for securities purchased	(254,775)	283,939
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(12,684,194)	(4,232,701)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	28,343,783	18,699,705
Amounts paid on withdrawals	(15,702,062)	(14,395,602)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	12,641,721	4,304,103
Increase (decrease) in cash/ bank overdraft	(42,473)	71,402
Cash (bank overdraft), beginning of year	130,982	59,580
CASH (BANK OVERDRAFT), END OF YEAR	88,509	130,982
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	23	—
Interest paid	257	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
NEI Select Growth Portfolio, Series I	9,528,116	104,096,145	115,139,660
Total Investments		104,096,145	115,139,660
Other Net Assets (-0.3%)			(342,623)
Net Assets (100%)			114,797,037

The accompanying Notes are an integral part of these financial statements.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
NEI Ethical International Equity Fund	14.1%
NEI Ethical Global Equity Fund	13.0%
NEI Northwest Global Equity Fund	12.9%
NEI Global Value Fund	9.9%
NEI Northwest Emerging Markets Fund	9.0%
NEI Northwest U.S. Dividend Fund	8.9%
NEI Northwest Specialty Equity Fund	7.1%
NEI Global Total Return Bond Fund	7.0%
NEI Northwest Canadian Dividend Fund	5.0%
NEI Northwest Canadian Equity Fund	5.0%
NEI Northwest Specialty Global High Yield Bond Fund	4.0%
NEI Canadian Bond Fund	4.0%
Cash and Cash Equivalents	0.1%

DFS GIF – GLOBAL GROWTH – NEI SELECT (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To provide a balance of capital growth and interest income by investing primarily in units of individual underlying funds in order to gain the desired exposure to the equity and fixed income markets.

Strategy of the Fund

To emphasize investments in equity underlying funds in order to increase the potential for capital appreciation over a longer investment horizon. The Fund also invests to a lesser extent, in fixed income underlying funds in order to provide income and capital preservation.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	115,139,660	—	—	115,139,660
TOTAL	115,139,660	—	—	115,139,660

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	94,089,633	—	—	94,089,633
TOTAL	94,089,633	—	—	94,089,633

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (30%)	1.00	339,096	280,596
S&P/TSX (14%)	3.00	474,735	392,834
MSCI World Net (56%)	3.00	1,898,940	1,571,337

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – GLOBAL GROWTH – NEI SELECT (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	8.30	7.69	7.28	6.95	6.64
Series 5	8.90	8.19	7.70	7.30	6.93
Series 6	6.28	5.77	5.42	5.13	—
Series 7	6.38	5.83	5.45	5.14	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	3,625	3,699	4,042	4,282	5,338
Series 5	77,936	71,103	68,260	65,707	64,401
Series 6	27,648	17,041	10,479	2,488	—
Series 7	5,588	1,977	979	144	—
Number of units outstanding (000)					
Series 3	437	481	555	616	803
Series 5	8,755	8,683	8,862	9,004	9,296
Series 6	4,403	2,954	1,934	485	—
Series 7	876	339	180	28	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.83	3.85	3.85	3.85	3.86
Series 5	3.13	3.13	3.12	3.12	3.12
Series 6	2.99	2.98	2.98	3.02	—
Series 7	2.46	2.40	2.59	2.59	—
Portfolio turnover rate ² (%)	5.72	11.51	108.58	7.15	5.64

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN ASSET ALLOCATION – CI CAMBRIDGE*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Cambridge Bond Fund	29.5%
Cambridge Cdn Short Term Bond Fund	16.7%
Cambridge Premium Yld Fund	4.0%
Walgreens Boots Alliance	2.4%
Athene Holding	2.4%
Tourmaline Oil Corporation	2.2%
Canadian Natural Resources	2.1%
Franco-Nevada Corporation	1.9%
George Weston	1.9%
Praxair	1.7%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,158	1.6%	10,187	1.9%	10,244	2.4%
3 Years	11,166	3.7%	11,241	4.0%	11,398	4.5%
5 Years	14,453	7.6%	—	—	—	—
Since Inception	14,680	7.6%	11,960	4.8%	12,180	5.3%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – CANADIAN ASSET ALLOCATION – CI CAMBRIDGE (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	594	30,109
Investments at fair value through profit or loss (FVTPL)	16,409,932	13,653,520
Premiums receivable	62,120	2,731
Receivable for securities sold	—	771
	<u>16,472,646</u>	<u>13,687,131</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	36,980	31,191
Withdrawals payable	7,398	4,187
Payable for securities purchased	4,464	30,336
	<u>48,842</u>	<u>65,714</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>16,423,804</u>	<u>13,621,417</u>
NET ASSETS PER UNIT		
Series 5	<u>7.34</u>	7.23
Series 6	<u>5.98</u>	5.87
Series 7	<u>6.09</u>	5.95

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	727,868	557,172
Changes in fair value:		
Net realized gain (loss) on investments	157,954	68,895
Net unrealized gain (loss) on investments	(198,851)	501,375
	<u>686,971</u>	<u>1,127,442</u>
EXPENSES		
Management fees and guarantee charge	381,094	307,472
Operating expenses	40,588	33,487
	<u>421,682</u>	<u>340,959</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>265,289</u>	<u>786,483</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	101,834	359,150
- per unit	0.12	0.41
Average Number of Units	859,511	867,183
SERIES 6		
Increase (Decrease) in Net Assets from Operations	132,463	393,619
- per unit	0.10	0.38
Average Number of Units	1,349,949	1,038,598
SERIES 7		
Increase (Decrease) in Net Assets from Operations	30,992	33,714
- per unit	0.17	0.47
Average Number of Units	179,297	71,387

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	13,621,417	10,618,006
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>265,289</u>	786,483
Premiums		
Series 5	1,169,236	813,127
Series 6	2,684,051	2,827,616
Series 7	1,538,086	553,461
	<u>5,391,373</u>	4,194,204
Withdrawals		
Series 5	(1,427,954)	(883,942)
Series 6	(1,319,825)	(749,029)
Series 7	(106,496)	(344,305)
	<u>(2,854,275)</u>	(1,977,276)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	<u>16,423,804</u>	13,621,417

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	265,289	786,483
Adjustments for:		
Net realized gain (loss)	(157,954)	(68,895)
Net unrealized gain (loss)	198,851	(501,375)
Non-cash distribution from investments	(727,868)	(557,172)
Proceeds from sale/maturity of investments	2,143,406	1,142,754
Investments purchased	(4,212,847)	(3,025,851)
Receivable for securities sold	771	(621)
Accrued expenses	5,789	7,487
Payable for securities purchased	(25,872)	(122,542)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(2,510,435)</u>	(2,339,732)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	5,331,984	4,364,581
Amounts paid on withdrawals	(2,851,064)	(1,995,080)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>2,480,920</u>	2,369,501
Increase (decrease) in cash/ bank overdraft	(29,515)	29,769
Cash (bank overdraft), beginning of year	30,109	340
CASH (BANK OVERDRAFT), END OF YEAR	<u>594</u>	30,109

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN ASSET ALLOCATION – CI CAMBRIDGE (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.9%)		\$	\$
Cambridge Canadian Asset Allocation Corporate Class, I Shares	868,524	15,187,332	16,409,932
Total Investments		15,187,332	16,409,932
Other Net Assets (0.1%)			13,872
Net Assets (100%)			16,423,804

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Cambridge Bond Fund	29.5%
Cambridge Cdn Short Term Bond Fund	16.7%
Cambridge Premium Yld Fund	4.0%
Walgreens Boots Alliance	2.4%
Athene Holding	2.4%
Tourmaline Oil Corporation	2.2%
Canadian Natural Resources	2.1%
Franco-Nevada Corporation	1.9%
George Weston	1.9%
Praxair	1.7%
Keyera Corporation	1.7%
Exelon Corporation	1.7%
Restaurant Brands International	1.6%
Alphabet	1.6%
Broadcom	1.6%
Symantec Corporation	1.5%
Middleby Corporation	1.5%
Gilead Sciences	1.3%
Finning International	1.2%
Canadian Pacific Railway	1.2%
Cambridge Balanced Yield Pool fund	1.0%
Melrose Industries	1.0%
LKQ Corporation	0.9%
Ulta Salon Cosmetics & Fragrance	0.9%
Microsoft Corporation	0.9%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

The objective of this Fund is to achieve a superior total investment return directly or indirectly, in a combination of primarily equity and fixed income securities of Canadian companies. Indirect investments may include convertible securities, derivatives, equity-related securities and securities of other mutual funds.

Strategy of the Fund

The Fund is actively managed with a disciplined bottom-up selection process. The strategy uses exposure in equity, fixed income instruments and cash and cash equivalents to achieve the Fund objective. The investments in each asset class will vary dependent on market conditions. The Canadian fixed income securities portion of the portfolio will consist mainly of high quality government and corporate bonds while foreign securities can make up part of the equity portion of the portfolio.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	16,409,932	—	—	16,409,932
TOTAL	16,409,932	—	—	16,409,932

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	13,653,520	—	—	13,653,520
TOTAL	13,653,520	—	—	13,653,520

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – CANADIAN ASSET ALLOCATION – CI CAMBRIDGE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe			
Bond (40%)	1.00	48,469	37,138
S&P/TSX (60%)	3.00	218,108	167,121

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 5	7.34	7.23	6.81	6.57	5.99
Series 6	5.98	5.87	5.52	5.32	—
Series 7	6.09	5.95	5.57	5.34	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 5	6,031	6,188	5,899	5,390	3,279
Series 6	8,483	6,986	4,514	1,287	—
Series 7	1,910	447	204	21	—
Number of units outstanding (000)					
Series 5	821	856	866	820	548
Series 6	1,419	1,190	817	242	—
Series 7	314	75	37	4	—
Management expense ratio (MER) ¹ (%)					
Series 5	2.89	2.90	2.89	2.91	2.95
Series 6	2.70	2.70	2.68	2.69	—
Series 7	2.21	2.19	2.30	2.30	—
Portfolio turnover rate ² (%)	13.93	13.34	11.31	6.47	3.86

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – GROWTH – FRANKLIN QUOTENTIAL*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Franklin Bissett Canadian Equity Fund	8.8%
Franklin Bissett Core Plus Bond Fund	7.9%
Franklin U.S. Rising Dividends Fund	7.6%
Franklin Mutual European Fund	7.4%
Franklin U.S. Core Equity Fund	6.7%
Franklin Templeton Canadian Large Cap Fund	6.0%
Franklin ActiveQuant Canadian Fund	5.9%
Franklin U.S. Opportunities Fund	5.4%
Franklin LibertyQT U.S. Equity Index ETF	5.0%
Franklin Japan Fund	3.9%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,627	6.3%	10,667	6.7%	10,703	7.0%	10,754	7.5%
3 Years	11,294	4.1%	11,423	4.5%	11,529	4.9%	11,685	5.3%
5 Years	14,219	7.3%	14,484	7.7%	—	—	—	—
10 Years	12,994	2.7%	13,516	3.1%	—	—	—	—
Since Inception	12,700	1.4%	13,131	2.7%	12,000	4.9%	12,200	5.3%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	57,393,786	56,724,749
Premiums receivable	821	2,835
Receivable for securities sold	11,753	538
	<u>57,406,360</u>	<u>56,728,122</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	10,085	142
Accrued expenses	154,171	151,011
Withdrawals payable	37,536	37,519
Payable for securities purchased	—	570
	<u>201,792</u>	<u>189,242</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>57,204,568</u>	<u>56,538,880</u>
NET ASSETS PER UNIT		
Series 3	<u>6.35</u>	5.98
Series 5	<u>6.61</u>	6.20
Series 6	<u>6.00</u>	5.61
Series 7	<u>6.10</u>	5.67

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(181)	—
Distributions from underlying funds	1,296,707	849,999
Changes in fair value:		
Net realized gain (loss) on investments	1,996,531	3,724,619
Net unrealized gain (loss) on investments	2,233,345	(2,261,153)
	<u>5,526,402</u>	<u>2,313,465</u>
EXPENSES		
Management fees and guarantee charge	1,526,568	1,504,241
Operating expenses	300,406	298,105
	<u>1,826,974</u>	<u>1,802,346</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>3,699,428</u>	<u>511,119</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	144,890	23,783
- per unit	0.38	0.06
Average Number of Units	382,641	423,169
SERIES 5		
Increase (Decrease) in Net Assets from Operations	3,309,052	431,776
- per unit	0.42	0.05
Average Number of Units	7,948,245	8,514,168
SERIES 6		
Increase (Decrease) in Net Assets from Operations	241,240	54,763
- per unit	0.40	0.10
Average Number of Units	609,629	530,169
SERIES 7		
Increase (Decrease) in Net Assets from Operations	4,246	797
- per unit	0.39	0.11
Average Number of Units	10,984	7,271

The accompanying Notes are an integral part of these financial statements.

DFS GIF – GROWTH – FRANKLIN QUOTENTIAL (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	56,538,880	60,451,849
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,699,428	511,119
Premiums		
Series 3	65,352	273,006
Series 5	2,478,221	1,869,886
Series 6	833,671	826,122
Series 7	29,018	—
	3,406,262	2,969,014
Withdrawals		
Series 3	(209,108)	(404,287)
Series 5	(5,861,355)	(6,498,552)
Series 6	(369,400)	(490,134)
Series 7	(139)	(129)
	(6,440,002)	(7,393,102)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	57,204,568	56,538,880

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,699,428	511,119
Adjustments for:		
Net realized gain (loss)	(1,996,531)	(3,724,619)
Net unrealized gain (loss)	(2,233,345)	2,261,153
Non-cash distribution from investments	(1,296,707)	(849,999)
Proceeds from sale/maturity of investments	5,555,463	7,344,135
Investments purchased	(697,917)	(1,114,475)
Receivable for securities sold	(11,215)	3,984
Accrued expenses	3,160	(11,268)
Payable for securities purchased	(570)	(2,996)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	3,021,766	4,417,034
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	3,408,276	2,983,997
Amounts paid on withdrawals	(6,439,985)	(7,397,049)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(3,031,709)	(4,413,052)
Increase (decrease) in cash/ bank overdraft	(9,943)	3,982
Cash (bank overdraft), beginning of year	(142)	(4,124)
CASH (BANK OVERDRAFT), END OF YEAR	(10,085)	(142)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	181	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Quotential Growth Portfolio	4,999,459	36,430,724	57,393,786
Total Investments		36,430,724	57,393,786
Other Net Assets (-0.3%)			(189,218)
Net Assets (100%)			57,204,568

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Franklin Bissett Canadian Equity Fund	8.8%
Franklin Bissett Core Plus Bond Fund	7.9%
Franklin U.S. Rising Dividends Fund	7.6%
Franklin Mutual European Fund	7.4%
Franklin U.S. Core Equity Fund	6.7%
Franklin Templeton Canadian Large Cap Fund	6.0%
Franklin ActiveQuant Canadian Fund	5.9%
Franklin U.S. Opportunities Fund	5.4%
Franklin LibertyQT U.S. Equity Index ETF	5.0%
Franklin Japan Fund	3.9%
iShares MSCI Japan ETF	3.8%
iShares S&P/TSX 60 Index ETF	3.8%
BMO MSCI Europe High Quality Hedged to CAD Index ETF	3.6%
Templeton Asian Growth Fund	3.5%
SPDR Euro Stoxx 50 ETF	3.3%
Franklin Bissett Canadian Government Bond Fund	3.2%
Franklin Bissett Small Cap Fund	2.4%
Financial Select Sector SPDR ETF	2.4%
iShares Core MSCI Emerging Markets ETF	2.2%
Templeton Emerging Markets Smaller Companies Fund	1.8%
Franklin Strategic Income Fund	1.7%
Templeton Global Bond Fund	1.4%
Franklin Bissett Canadian Short Term Bond Fund	0.8%
Templeton Frontier Markets Fund	0.8%
Franklin U.S. Low Duration Fund	0.8%

DFS GIF – GROWTH – FRANKLIN QUOTENTIAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To provide a balance of capital growth and interest income by investing primarily in units of an individual underlying fund in order to gain the desired exposure to the equity and fixed income markets.

Strategy of the Fund

To emphasize investments in a diversified mix of equity underlying funds in order to increase the potential for capital appreciation over a longer investment horizon. The Fund also invests, to a lesser extent, in fixed income underlying funds in order to provide income and capital preservation.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	57,393,786	—	—	57,393,786
TOTAL	57,393,786	—	—	57,393,786

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	56,724,749	—	—	56,724,749
TOTAL	56,724,749	—	—	56,724,749

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (15%)	1.00	99,868	94,064
Bloomberg Barclays Multiverse Bond (5%)	1.00	33,289	31,355
S&P/TSX (35%)	3.00	699,074	658,448
MSCI All Country World Net (45%)	3.00	898,810	846,576

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – GROWTH – FRANKLIN QUOTENTIAL (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	6.35	5.98	5.92	5.62	5.29
Series 5	6.61	6.20	6.12	5.79	5.42
Series 6	6.00	5.61	5.52	5.20	—
Series 7	6.10	5.67	5.56	5.22	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	2,367	2,366	2,473	3,075	3,411
Series 5	50,922	50,997	55,193	55,973	56,112
Series 6	3,841	3,135	2,744	577	—
Series 7	74	41	41	20	—
Number of units outstanding (000)					
Series 3	373	396	418	547	645
Series 5	7,701	8,230	9,018	9,673	10,348
Series 6	640	559	497	111	—
Series 7	12	7	7	4	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.60	3.61	3.61	3.62	3.61
Series 5	3.22	3.22	3.22	3.21	3.21
Series 6	2.89	2.89	2.92	2.93	—
Series 7	2.45	2.45	2.47	2.47	—
Portfolio turnover rate ² (%)	5.81	3.47	11.78	4.74	2.13

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – DIVIDEND INCOME – FRANKLIN BISSETT*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading “Strategy in using Financial Instruments”.

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
CANADIAN IMPERIAL BANK OF COMMERCE	4.1%
Toronto-Dominion Bank	4.0%
Royal Bank of Canada	3.9%
Bank of Montreal	2.9%
Scotiabank	2.8%
Canadian National Railway Company	2.7%
IGM Financial	2.6%
Power Financial Corporation	2.3%
Enbridge Income Fund Holdings	2.2%
Enbridge	2.1%

THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,239	2.4%	10,286	2.9%	10,298	3.0%	10,367	3.7%
3 Years	10,959	3.1%	11,109	3.6%	11,170	3.8%	11,357	4.3%
5 Years	12,929	5.3%	13,216	5.7%	—	—	—	—
10 Years	14,946	4.1%	15,599	4.5%	—	—	—	—
Since Inception	25,380	5.4%	15,281	4.3%	11,580	3.9%	11,820	4.4%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – DIVIDEND INCOME – FRANKLIN BISSETT (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	43,002	35,337
Investments at fair value through profit or loss (FVTPL)	190,878,114	202,869,263
Premiums receivable	10,118	51,185
Receivable for securities sold	75,109	154,548
	<u>191,006,343</u>	<u>203,110,333</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	479,402	507,139
Withdrawals payable	168,643	284,188
	<u>648,045</u>	<u>791,327</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>190,358,298</u>	<u>202,319,006</u>
NET ASSETS PER UNIT		
Series 3	<u>12.69</u>	12.39
Series 5	<u>13.26</u>	12.89
Series 6	<u>5.79</u>	5.62
Series 7	<u>5.91</u>	5.70

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(521)	—
Distributions provenant des fonds sous-jacents	5,567,564	6,239,402
Changes in fair value:		
Net realized gain (loss) on investments	4,496,795	1,894,961
Net unrealized gain (loss) on investments	1,124,311	28,656,066
	<u>11,188,149</u>	<u>36,790,429</u>
EXPENSES		
Management fees and guarantee charge	4,461,335	4,398,507
Operating expenses	1,433,588	1,422,209
	<u>5,894,923</u>	<u>5,820,716</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>5,293,226</u>	<u>30,969,713</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	847,784	5,950,225
- per unit	0.29	1.76
Average Number of Units	2,940,146	3,371,932
SERIES 5		
Increase (Decrease) in Net Assets from Operations	4,127,417	23,814,006
- per unit	0.36	1.89
Average Number of Units	11,448,331	12,605,488
SERIES 6		
Increase (Decrease) in Net Assets from Operations	283,119	1,111,851
- per unit	0.17	0.85
Average Number of Units	1,651,876	1,302,605
SERIES 7		
Increase (Decrease) in Net Assets from Operations	34,906	93,631
- per unit	0.25	0.88
Average Number of Units	137,390	105,904

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	202,319,006	196,184,865
Increase (Decrease) in Net Assets from operations attributable to contract owners	5,293,226	30,969,713
Premiums		
Series 3	1,753,806	1,667,652
Series 5	7,989,696	6,163,032
Series 6	3,656,236	2,024,752
Series 7	602,078	120,392
	14,001,816	9,975,828
Withdrawals		
Series 3	(6,772,685)	(8,157,991)
Series 5	(22,881,606)	(25,682,835)
Series 6	(1,557,312)	(911,208)
Series 7	(44,147)	(59,366)
	(31,255,750)	(34,811,400)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	190,358,298	202,319,006

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	5,293,226	30,969,713
Adjustments for:		
Net realized gain (loss)	(4,496,795)	(1,894,961)
Net unrealized gain (loss)	(1,124,311)	(28,656,066)
Non-cash distribution from investments	(5,567,564)	(6,239,402)
Proceeds from sale/maturity of investments	25,000,385	31,266,464
Investments purchased	(1,820,566)	(603,877)
Receivable for securities sold	79,439	(9,615)
Accrued expenses	(27,737)	12,370
Payable for securities purchased	—	(8,673)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	17,336,077	24,835,953
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	14,042,883	9,984,265
Amounts paid on withdrawals	(31,371,295)	(34,732,466)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(17,328,412)	(24,748,201)
Increase (decrease) in cash/ bank overdraft	7,665	87,752
Cash (bank overdraft), beginning of year	35,337	(52,415)
CASH (BANK OVERDRAFT), END OF YEAR	43,002	35,337
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	22	—
Interest paid	543	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – DIVIDEND INCOME – FRANKLIN BISSETT (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Bissett Dividend Income Fund, Series O	4,359,939	154,825,856	190,878,114
Total Investments		154,825,856	190,878,114
Other Net Assets (-0.3%)			(519,816)
Net Assets (100%)			190,358,298

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Canadian Imperial Bank of Commerce	4.1%
Toronto-Dominion Bank	4.0%
Royal Bank of Canada	3.9%
Bank of Montreal	2.9%
Scotiabank	2.8%
Canadian National Railway Company	2.7%
IGM Financial	2.6%
Power Financial Corporation	2.3%
Enbridge Income Fund Holdings	2.2%
Enbridge	2.1%
Inter Pipeline	2.1%
Brookfield Renewable Partners	1.9%
Rogers Communications	1.9%
TELUS Corporation	1.8%
Fortis	1.7%
Brookfield Property Partners	1.6%
Brookfield Infrastructure Partners	1.6%
Freehold Royalties	1.4%
McDonald's Corporation	1.4%
Restaurant Brands International	1.4%
Microsoft Corporation	1.4%
Intel Corporation	1.4%
Vermilion Energy	1.4%
JPMorgan Chase & Company	1.3%
Wells Fargo & Company	1.3%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide the investor with a consistent return through investment in dividend paying common shares and preferred shares.

Strategy of the Fund

To invest in a diversified portfolio of large cap Canadian issuer preferred shares and common shares as well as common shares of large cap United States issuers with long histories of dividend growth. From time to time the Fund also invests in investment grade interest-bearing securities to a maximum of 25% of the total assets of the Fund.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	190,878,114	—	—	190,878,114
TOTAL	190,878,114	—	—	190,878,114

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	202,869,263	—	—	202,869,263
TOTAL	202,869,263	—	—	202,869,263

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – DIVIDEND INCOME – FRANKLIN BISSETT (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe Bond (15%)	1.00	268,194	288,443
S&P/TSX Preferred Share (5%)	3.00	268,194	288,443
S&P/TSX (60%)	3.00	3,218,330	3,461,316
S&P 500 (20%)	3.00	1,072,777	1,153,772

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	12.69	12.39	10.59	11.58	11.21
Series 5	13.26	12.89	10.97	11.94	11.51
Series 6	5.79	5.62	4.77	5.18	—
Series 7	5.91	5.70	4.82	5.20	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	34,897	39,069	39,609	31,596	35,564
Series 5	143,791	154,556	150,261	109,418	106,196
Series 6	10,470	8,088	5,863	4,320	—
Series 7	1,200	607	452	588	—
Number of units outstanding (000)					
Series 3	2,750	3,152	3,741	2,729	3,172
Series 5	10,846	11,989	13,701	9,166	9,229
Series 6	1,807	1,439	1,228	833	—
Series 7	203	106	94	113	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.39	3.40	3.39	3.39	3.39
Series 5	2.93	2.93	2.93	2.94	2.94
Series 6	2.71	2.70	2.70	2.72	—
Series 7	2.19	2.17	2.13	2.10	—
Portfolio turnover rate ² (%)	3.56	3.38	28.48	12.37	8.92

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN DIVIDEND – NEI NORTHWEST*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Toronto-Dominion Bank	5.5%
Royal Bank of Canada	4.8%
Agrium	3.4%
Husky Energy	3.3%
BCE	3.3%
Manulife Financial Corporation	3.0%
Brookfield Property Partners	2.7%
Power Financial Corporation	2.6%
Sun Life Financial	2.5%
Canadian Imperial Bank of Commerce	2.5%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,225	2.3%	10,252	2.5%	10,293	2.9%
3 Years	11,687	5.3%	11,763	5.6%	11,900	6.0%
5 Years	16,022	9.9%	—	—	—	—
Since Inception	16,700	10.2%	12,800	6.6%	12,960	7.0%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	58,213	68,003
Investments at fair value through profit or loss (FVTPL)	24,378,176	23,190,369
Premiums receivable	2,988	93,841
	<u>24,439,377</u>	<u>23,352,213</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	61,200	58,305
Withdrawals payable	4,639	7,385
Payable for securities purchased	1,087	24,215
	<u>66,926</u>	<u>89,905</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>24,372,451</u>	<u>23,262,308</u>
NET ASSETS PER UNIT		
Series 5	<u>8.35</u>	8.17
Series 6	<u>6.40</u>	6.24
Series 7	<u>6.48</u>	6.30

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	3,616,516	692,944
Changes in fair value:		
Net realized gain (loss) on investments	330,954	147,515
Net unrealized gain (loss) on investments	(2,678,578)	2,944,286
	<u>1,268,892</u>	<u>3,784,745</u>
EXPENSES		
Management fees and guarantee charge	633,782	549,548
Operating expenses	86,056	76,976
	<u>719,838</u>	<u>626,524</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>549,054</u>	<u>3,158,221</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	399,036	2,681,547
- per unit	0.17	1.13
Average Number of Units	<u>2,323,602</u>	<u>2,375,528</u>
SERIES 6		
Increase (Decrease) in Net Assets from Operations	140,642	464,111
- per unit	0.18	0.93
Average Number of Units	<u>780,542</u>	<u>498,255</u>
SERIES 7		
Increase (Decrease) in Net Assets from Operations	9,376	12,563
- per unit	0.32	1.16
Average Number of Units	<u>29,746</u>	<u>10,827</u>

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN DIVIDEND – NEI NORTHWEST (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	23,262,308	19,255,572
Increase (Decrease) in Net Assets from operations attributable to contract owners	549,054	3,158,221
Premiums		
Series 5	3,486,806	2,292,058
Series 6	1,863,217	1,799,051
Series 7	191,478	95,196
	5,541,501	4,186,305
Withdrawals		
Series 5	(4,489,173)	(2,718,957)
Series 6	(458,145)	(618,592)
Series 7	(33,094)	(241)
	(4,980,412)	(3,337,790)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	24,372,451	23,262,308

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	549,054	3,158,221
Adjustments for:		
Net realized gain (loss)	(330,954)	(147,515)
Net unrealized gain (loss)	2,678,578	(2,944,286)
Non-cash distribution from investments	(3,616,516)	(692,944)
Proceeds from sale/maturity of investments	2,424,724	1,942,576
Investments purchased	(2,343,639)	(2,101,865)
Accrued expenses	2,895	9,037
Payable for securities purchased	(23,128)	(43,154)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(658,986)	(819,930)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	5,632,354	4,149,441
Amounts paid on withdrawals	(4,983,158)	(3,333,876)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	649,196	815,565
Increase (decrease) in cash/ bank overdraft	(9,790)	(4,365)
Cash (bank overdraft), beginning of year	68,003	72,368
CASH (BANK OVERDRAFT), END OF YEAR	58,213	68,003

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.0%)		\$	\$
NEI Northwest Canadian Dividend Fund, Series I	1,460,121	23,405,869	24,378,176
Total Investments		23,405,869	24,378,176
Other Net Assets (-0.0%)			(5,725)
Net Assets (100%)			24,372,451

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Toronto-Dominion Bank	5.5%
Royal Bank of Canada	4.8%
Agrium	3.4%
Husky Energy	3.3%
BCE	3.3%
Manulife Financial Corporation	3.0%
Brookfield Property Partners	2.7%
Power Financial Corporation	2.6%
Sun Life Financial	2.5%
Canadian Imperial Bank of Commerce	2.5%
Cenovus Energy	2.4%
Scotiabank	2.4%
Shaw Communications	2.4%
Crescent Point Energy	2.4%
Hydro One	2.3%
Intact Financial Corporation	2.2%
TELUS Corporation	2.2%
Bank of Montreal	2.1%
Enbridge Income Fund Holdings	2.0%
RioCan Real Estate Investment Trust	1.9%
Superior Plus Corporation	1.8%
Chartwell Retirement	1.8%
Inter Pipeline	1.8%
Enbridge	1.7%
Rogers Communications	1.7%

DFS GIF – CANADIAN DIVIDEND – NEI NORTHWEST (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

The objective of this Fund is to achieve a balance between high dividend income and capital growth by investing mainly in a diversified portfolio of blue chip Canadian common stocks and, to a lesser extent, in high-yield preferred stocks and interest bearing securities.

Strategy of the Fund

The Fund invests in primarily blue chip common stocks but may also invest in preferred stocks, bonds, purchase warrants and rights, royalty trusts and income trusts with preference given to capital growth while still providing a high regular level of income. Quality liquid corporations whose management has built shareholder value over time not to mention a proven ability to generate free cash flow, supporting growth and profitability as well as providing management with the ability to make strategic acquisitions, buy back stock and pay increasing dividends are preferred investments for this Fund. While equity securities including preferred stocks providing stable income are favoured, any small, mid and large capitalization Canadian corporations in a variety of industries meeting these criteria will be considered.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	24,378,176	—	—	24,378,176
TOTAL	24,378,176	—	—	24,378,176

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	23,190,369	—	—	23,190,369
TOTAL	23,190,369	—	—	23,190,369

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX	3.00	586,615	499,808

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – CANADIAN DIVIDEND – NEI NORTHWEST (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 5	8.35	8.17	7.03	7.14	6.53
Series 6	6.40	6.24	5.37	5.44	—
Series 7	6.48	6.30	5.39	5.45	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 5	18,701	19,304	17,050	16,967	12,134
Series 6	5,375	3,830	2,185	1,110	—
Series 7	296	128	21	21	—
Number of units outstanding (000)					
Series 5	2,240	2,364	2,425	2,375	1,857
Series 6	840	613	407	204	—
Series 7	46	20	4	4	—
Management expense ratio (MER) ¹ (%)					
Series 5	3.07	3.08	3.08	3.08	3.09
Series 6	2.88	2.87	2.85	2.90	—
Series 7	2.39	2.41	2.41	2.41	—
Portfolio turnover rate ² (%)	10.24	9.35	15.02	11.75	8.87

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN EQUITY – JARISLOWSKY FRASER*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Toronto-Dominion Bank	8.8%
Royal Bank of Canada	7.2%
Jarislowsky Fraser Special Equity Fund	6.5%
Scotiabank	6.3%
Enbridge	5.6%
Canadian National Railway Company	4.8%
Canadian Natural Resources	4.6%
Manulife Financial Corporation	4.0%
Potash Corporation of Saskatchewan	3.5%
Open Text Corporation	3.4%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,277	2.8%	10,334	3.3%	10,351	3.5%	10,394	3.9%
3 Years	11,099	3.5%	11,302	4.2%	—	—	—	—
5 Years	14,330	7.5%	14,771	8.1%	—	—	—	—
10 Years	13,263	2.9%	14,119	3.5%	—	—	—	—
Since Inception	15,300	3.6%	13,715	3.2%	11,700	7.4%	11,820	7.9%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – CANADIAN EQUITY – JARISLOWSKY FRASER (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	146,988,793	155,659,188
Premiums receivable	213,064	1,331
Receivable for securities sold	—	29,051
	147,201,857	155,689,570
LIABILITIES		
Current Liabilities		
Bank overdraft	26,619	32,889
Accrued expenses	404,490	380,917
Withdrawals payable	82,920	325,198
	514,029	739,004
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	146,687,828	154,950,566
NET ASSETS PER UNIT		
Series 3	7.65	7.44
Series 5	8.16	7.90
Series 6	5.85	5.65
Series 7	5.91	5.69

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(46,453)	—
Distributions from underlying funds	3,841,370	10,035,934
Changes in fair value:		
Net realized gain (loss) on investments	1,263,087	148,717
Net unrealized gain (loss) on investments	4,161,082	15,098,093
	9,219,086	25,282,744
EXPENSES		
Management fees and guarantee charge	3,185,842	3,199,991
Operating expenses	1,175,938	1,184,804
	4,361,780	4,384,795
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	4,857,306	20,897,949
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	86,044	522,569
- per unit	0.18	0.90
Average Number of Units	467,601	582,397
SERIES 5		
Increase (Decrease) in Net Assets from Operations	4,697,026	20,305,303
- per unit	0.26	1.01
Average Number of Units	18,171,182	20,056,586
SERIES 6		
Increase (Decrease) in Net Assets from Operations	66,146	67,088
- per unit	0.27	0.86
Average Number of Units	241,007	78,463
SERIES 7		
Increase (Decrease) in Net Assets from Operations	8,090	2,989
- per unit	0.19	0.73
Average Number of Units	41,646	4,084

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	154,950,566	150,671,854
Increase (Decrease) in Net Assets from operations attributable to contract owners	4,857,306	20,897,949
Premiums		
Series 3	352,384	128,081
Series 5	4,713,795	4,071,819
Series 6	986,596	744,963
Series 7	460,010	13,423
	6,512,785	4,958,286
Withdrawals		
Series 3	(933,771)	(1,117,325)
Series 5	(18,563,349)	(20,446,088)
Series 6	(132,130)	(14,110)
Series 7	(3,579)	—
	(19,632,829)	(21,577,523)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	146,687,828	154,950,566

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	4,857,306	20,897,949
Adjustments for:		
Net realized gain (loss)	(1,263,087)	(148,717)
Net unrealized gain (loss)	(4,161,082)	(15,098,093)
Non-cash distribution from investments	(3,841,370)	(10,035,934)
Proceeds from sale/maturity of investments	18,701,291	21,339,365
Investments purchased	(765,357)	(384,757)
Receivable for securities sold	29,051	(29,051)
Accrued expenses	23,573	10,191
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	13,580,325	16,550,953
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	6,301,052	4,956,955
Amounts paid on withdrawals	(19,875,107)	(21,324,857)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(13,574,055)	(16,367,902)
Increase (decrease) in cash/ bank overdraft	6,270	183,051
Cash (bank overdraft), beginning of year	(32,889)	(215,940)
CASH (BANK OVERDRAFT), END OF YEAR	(26,619)	(32,889)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	3	—
Interest paid	444	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN EQUITY – JARISLOWSKY FRASER (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
Jarislowsky Fraser Canadian Equity Fund	4,352,837	133,417,308	146,988,793
Total Investments		133,417,308	146,988,793
Other Net Assets (-0.2%)			(300,965)
Net Assets (100%)			146,687,828

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Toronto-Dominion Bank	8.8%
Royal Bank of Canada	7.2%
Jarislowsky Fraser Special Equity Fund	6.5%
Scotiabank	6.3%
Enbridge	5.6%
Canadian National Railway Company	4.8%
Canadian Natural Resources	4.6%
Manulife Financial Corporation	4.0%
Potash Corporation of Saskatchewan	3.5%
Open Text Corporation	3.4%
Alimentation Couche-Tard	3.4%
Gildan Activewear	2.8%
CGI Group	2.8%
Pembina Pipeline Corporation	2.7%
Canadian Tire Corporation	2.5%
Saputo	2.4%
SNC-Lavalin Group	2.4%
Intact Financial Corporation	2.3%
Thomson Reuters Corporation	2.2%
Loblaw Companies	2.1%
Metro	2.1%
Industrial Alliance, Insurance and Financial Services	1.9%
CCL Industries	1.9%
Great-West Lifeco	1.8%
Stantec	1.7%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To achieve long-term capital appreciation while continuing to emphasize the preservation of capital by investing primarily in large cap Canadian equity securities.

Strategy of the Fund

To invest primarily in Canadian equity securities in areas of the Canadian economy where superior rates of growth are expected.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	146,988,793	—	146,988,793
TOTAL	—	146,988,793	—	146,988,793

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	155,659,188	—	155,659,188
TOTAL	—	155,659,188	—	155,659,188

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – CANADIAN EQUITY – JARISLOWSKY FRASER (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX	3.00	3,924,543	3,716,898

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	7.65	7.44	6.51	6.89	6.33
Series 5	8.16	7.90	6.86	7.22	6.58
Series 6	5.85	5.65	4.92	—	—
Series 7	5.91	5.69	4.92	—	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	3,416	3,912	4,378	5,956	6,657
Series 5	140,959	150,111	146,180	182,121	178,606
Series 6	1,812	892	94	—	—
Series 7	501	36	20	—	—
Number of units outstanding (000)					
Series 3	447	526	673	864	1,052
Series 5	17,265	19,011	21,301	25,226	27,126
Series 6	310	158	19	—	—
Series 7	85	6	4	—	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.60	3.59	3.58	3.59	3.59
Series 5	2.92	2.92	2.91	2.92	2.91
Series 6	2.82	2.93	2.87	—	—
Series 7	2.41	2.41	2.36	—	—
Portfolio turnover rate ² (%)	6.96	10.34	12.48	2.51	13.78

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN EQUITY – FIDELITY TRUE NORTH®*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Toronto-Dominion Bank	8.6%
Canadian National Railway Company	4.3%
Suncor Energy	3.9%
Royal Bank of Canada	3.8%
Alimentation Couche-Tard	3.8%
Rogers Communications	3.7%
CGI Group	3.7%
Restaurant Brands International	2.8%
Metro	2.5%
Constellation Software	2.4%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,344	3.4%	10,390	3.9%	10,401	4.0%	10,468	4.7%
3 Years	10,881	2.9%	11,010	3.3%	11,056	3.4%	11,251	4.0%
5 Years	14,747	8.1%	15,028	8.5%	—	—	—	—
Since Inception	21,860	9.0%	22,600	9.4%	12,060	5.0%	12,320	5.6%

* This Fund is composed of units of the corresponding underlying investment funds.

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STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	3,253	1,013
Investments at fair value through profit or loss (FVTPL)	36,714,477	34,092,540
Premiums receivable	9,260	26,316
	<u>36,726,990</u>	<u>34,119,869</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	95,561	89,042
Withdrawals payable	7,817	5,750
Payable for securities purchased	8,900	20,455
	<u>112,278</u>	<u>115,247</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>36,614,712</u>	<u>34,004,622</u>
NET ASSETS PER UNIT		
Series 3	<u>10.93</u>	10.57
Series 5	<u>11.30</u>	10.88
Series 6	<u>6.03</u>	5.80
Series 7	<u>6.16</u>	5.88

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(110)	—
Distributions from underlying funds	655,498	573,375
Changes in fair value:		
Net realized gain (loss) on investments	725,348	1,171,306
Net unrealized gain (loss) on investments	1,117,465	2,010,530
	<u>2,498,201</u>	<u>3,755,211</u>
EXPENSES		
Management fees and guarantee charge	941,696	834,454
Operating expenses	174,891	166,358
	<u>1,116,587</u>	<u>1,000,812</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,381,614</u>	<u>2,754,399</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	45,549	105,463
- per unit	0.38	0.85
Average Number of Units	118,956	124,081
SERIES 5		
Increase (Decrease) in Net Assets from Operations	778,198	1,770,679
- per unit	0.41	0.87
Average Number of Units	1,914,869	2,036,626
SERIES 6		
Increase (Decrease) in Net Assets from Operations	517,837	787,261
- per unit	0.24	0.51
Average Number of Units	2,124,062	1,542,222
SERIES 7		
Increase (Decrease) in Net Assets from Operations	40,030	90,996
- per unit	0.27	0.52
Average Number of Units	146,935	175,553

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN EQUITY – FIDELITY TRUE NORTH® (cont)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	34,004,622	29,908,267
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,381,614	2,754,399
Premiums		
Series 3	259,209	390,863
Series 5	4,205,430	3,418,386
Series 6	4,623,671	4,313,162
Series 7	624,608	157,823
	9,712,918	8,280,234
Withdrawals		
Series 3	(353,028)	(316,875)
Series 5	(6,065,578)	(5,091,131)
Series 6	(1,721,234)	(1,141,697)
Series 7	(344,602)	(388,575)
	(8,484,442)	(6,938,278)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	36,614,712	34,004,622

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,381,614	2,754,399
Adjustments for:		
Net realized gain (loss)	(725,348)	(1,171,306)
Net unrealized gain (loss)	(1,117,465)	(2,010,530)
Non-cash distribution from investments	(655,498)	(573,375)
Proceeds from sale/maturity of investments	3,965,375	3,862,028
Investments purchased	(4,089,001)	(4,212,346)
Accrued expenses	6,519	10,753
Payable for securities purchased	(11,555)	(104,619)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(1,245,359)	(1,444,996)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	9,729,974	8,396,037
Amounts paid on withdrawals	(8,482,375)	(6,965,555)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	1,247,599	1,430,482
Increase (decrease) in cash/ bank overdraft	2,240	(14,514)
Cash (bank overdraft), beginning of year	1,013	15,527
CASH (BANK OVERDRAFT), END OF YEAR	3,253	1,013
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	110	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Fidelity True North® Fund, Series O	729,928	29,575,572	36,714,477
Total Investments		29,575,572	36,714,477
Other Net Assets (-0.3%)			(99,765)
Net Assets (100%)			36,614,712

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Toronto-Dominion Bank	8.6%
Canadian National Railway Company	4.3%
Suncor Energy	3.9%
Royal Bank of Canada	3.8%
Alimentation Couche-Tard	3.8%
Rogers Communications	3.7%
CGI Group	3.7%
Restaurant Brands International	2.8%
Metro	2.5%
Constellation Software	2.4%
Loblaw Companies	2.4%
Enbridge	2.3%
Power Corporation of Canada	2.3%
Manulife Financial Corporation	2.1%
SNC-Lavalin Group	1.9%
Canadian Natural Resources	1.8%
Franco-Nevada Corporation	1.7%
PrairieSky Royalty	1.6%
Intact Financial Corporation	1.6%
Fairfax Financial Holdings	1.3%
Dollarama	1.2%
TELUS Corporation	1.2%
Microsoft Corporation	1.2%
Quebecor	1.1%
Thomson Reuters Corporation	1.1%

DFS GIF – CANADIAN EQUITY – FIDELITY TRUE NORTH® (cont)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To achieve strong long-term capital growth by investing primarily in equity securities of Canadian companies that have a history of strong capital growth over the long-term. The fundamental investment of this Fund is to achieve long-term capital appreciation while still emphasizing the preservation of capital by investing primarily in Canadian equity securities.

Strategy of the Fund

To invest primarily in small, medium and large Canadian companies. The Fund may also invest in a limited portion of foreign securities. The Fund may also use, to a lesser degree, derivatives such as options, futures, forward contracts and swaps to protect against losses caused by changes in stock prices or exchange rates.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	36,714,477	—	—	36,714,477
TOTAL	36,714,477	—	—	36,714,477

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	34,092,540	—	—	34,092,540
TOTAL	34,092,540	—	—	34,092,540

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX Capped	3.00	715,001	635,546

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – CANADIAN EQUITY – FIDELITY TRUE NORTH® (cont)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	10.93	10.57	9.73	10.05	8.97
Series 5	11.30	10.88	9.98	10.26	9.13
Series 6	6.03	5.80	5.31	5.45	—
Series 7	6.16	5.88	5.36	5.47	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	1,329	1,377	1,197	1,024	928
Series 5	20,479	21,561	21,463	22,841	20,048
Series 6	13,638	10,218	6,259	2,577	—
Series 7	1,169	849	989	81	—
Number of units outstanding (000)					
Series 3	122	130	123	102	104
Series 5	1,813	1,982	2,151	2,225	2,197
Series 6	2,261	1,762	1,178	473	—
Series 7	190	144	185	15	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.57	3.56	3.59	3.62	3.62
Series 5	3.20	3.20	3.20	3.21	3.20
Series 6	3.03	3.04	3.05	3.04	—
Series 7	2.48	2.46	2.58	2.59	—
Portfolio turnover rate ² (%)	12.75	11.95	14.18	11.08	12.93

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – CANADIAN EQUITY – FRANKLIN BISSETT*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Brookfield Asset Management	6.7%
Canadian National Railway Company	5.5%
Royal Bank of Canada	5.2%
Toronto-Dominion Bank	5.1%
Restaurant Brands International	4.7%
Canadian Imperial Bank of Commerce	4.7%
Bank of Montreal	4.2%
Scotiabank	3.9%
Canadian Pacific Railway	3.8%
Onex Corporation	3.1%

THE YEAR ENDING DECEMBER 31, 2017

	Series 1		Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,256	2.6%	10,305	3.0%	10,370	3.7%	10,391	3.9%	10,421	4.2%
3 Years	—	—	11,048	3.4%	11,256	4.0%	11,315	4.2%	11,458	4.6%
5 Years	—	—	14,210	7.3%	14,633	7.9%	—	—	—	—
10 Years	—	—	15,693	4.6%	16,647	5.2%	—	—	—	—
Since Inception	10,360	3.3%	26,080	5.6%	15,797	4.6%	11,920	4.7%	12,120	5.1%

	Series IGP**	
	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,428	4.3%
3 Years	—	—
5 Years	—	—
10 Years	—	—
Since Inception	10,550	5.0%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – CANADIAN EQUITY – FRANKLIN BISSETT (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	53,335	90,974
Investments at fair value through profit or loss (FVTPL)	63,400,011	67,494,746
Premiums receivable	4,719	221,648
Receivable for securities sold	87,802	13,996
	<u>63,545,867</u>	<u>67,821,364</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	179,428	192,304
Withdrawals payable	58,618	40,550
Payable for securities purchased	—	68,845
	<u>238,046</u>	<u>301,699</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>63,307,821</u>	<u>67,519,665</u>
NET ASSETS PER UNIT		
Series 1	<u>5.18</u>	5.05
Series 3	<u>13.04</u>	12.65
Series 5	<u>13.86</u>	13.37
Series 6	<u>5.96</u>	5.74
Series 7	<u>6.06</u>	5.82
Series IGP	<u>10.55</u>	10.12

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	12,992	—
Distributions from underlying funds	1,019,064	1,343,256
Changes in fair value:		
Net realized gain (loss) on investments	1,806,601	1,422,592
Net unrealized gain (loss) on investments	1,440,506	4,136,610
	<u>4,279,163</u>	<u>6,902,458</u>
EXPENSES		
Management fees and guarantee charge	1,919,008	922,797
Operating expenses	302,614	183,351
	<u>2,221,622</u>	<u>1,106,148</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>2,057,541</u>	<u>5,796,310</u>
DATA PER SERIES		
SERIES 1*		
Increase (Decrease) in Net Assets from Operations	377,675	160,406
- per unit	0.13	0.05
Average Number of Units	<u>2,913,443</u>	<u>3,159,614</u>
SERIES 3		
Increase (Decrease) in Net Assets from Operations	748,170	2,789,864
- per unit	0.37	2.00
Average Number of Units	<u>1,998,696</u>	<u>1,393,826</u>
SERIES 5		
Increase (Decrease) in Net Assets from Operations	617,513	2,269,801
- per unit	0.48	2.19
Average Number of Units	<u>1,283,859</u>	<u>1,036,103</u>
SERIES 6		
Increase (Decrease) in Net Assets from Operations	184,139	536,885
- per unit	0.22	0.96
Average Number of Units	<u>823,308</u>	<u>561,861</u>
SERIES 7		
Increase (Decrease) in Net Assets from Operations	14,278	6,784
- per unit	0.25	0.93
Average Number of Units	<u>56,967</u>	<u>7,334</u>
SERIES IGP*		
Increase (Decrease) in Net Assets from Operations	115,766	32,570
- per unit	0.43	0.12
Average Number of Units	<u>267,418</u>	<u>277,616</u>

* Beginning of operations in November 2016.

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	67,519,665	29,611,016
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>2,057,541</u>	5,796,310
Premiums		
Series 1*	270,193	15,937,034
Series 3	1,407,116	12,338,702
Series 5	2,961,022	5,791,880
Series 6	1,480,348	2,246,595
Series 7	270,174	166,547
Series IGP*	15,582	2,783,426
	<u>6,404,435</u>	39,264,184
Withdrawals		
Series 1*	(2,543,747)	(236,989)
Series 3	(4,859,687)	(3,346,937)
Series 5	(3,778,151)	(2,848,804)
Series 6	(1,149,575)	(666,913)
Series 7	(214,050)	(19,176)
Series IGP*	(128,610)	(33,026)
	<u>(12,673,820)</u>	(7,151,845)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	63,307,821	67,519,665

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,057,541	5,796,310
Adjustments for:		
Net realized gain (loss)	(1,806,601)	(1,422,592)
Net unrealized gain (loss)	(1,440,506)	(4,136,610)
Non-cash distribution from investments	(1,019,064)	(1,343,256)
Proceeds from sale/maturity of investments	9,542,782	5,320,296
Investments purchased	(1,181,876)	(36,311,598)
Receivable for securities sold	(73,806)	(7,022)
Accrued expenses	(12,876)	110,787
Payable for securities purchased	(68,845)	68,845
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	5,996,749	(31,924,840)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	6,621,364	39,048,035
Amounts paid on withdrawals	(12,655,752)	(7,120,555)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(6,034,388)	31,927,480
Increase (decrease) in cash/ bank overdraft	(37,639)	2,640
Cash (bank overdraft), beginning of year	90,974	88,334
CASH (BANK OVERDRAFT), END OF YEAR	53,335	90,974

* Beginning of operations in November 2016.

The accompanying Notes are an integral part of these financial statements.

DFS GIF – CANADIAN EQUITY – FRANKLIN BISSETT (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.1%)		\$	\$
Franklin Bissett Canadian Equity Fund, Series O	407,167	50,444,633	63,400,011
Total Investments		50,444,633	63,400,011
Other Net Assets (-0.1%)			(92,190)
Net Assets (100%)			63,307,821

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Brookfield Asset Management	6.7%
Canadian National Railway Company	5.5%
Royal Bank of Canada	5.2%
Toronto-Dominion Bank	5.1%
Restaurant Brands International	4.7%
Canadian Imperial Bank of Commerce	4.7%
Bank of Montreal	4.2%
Scotiabank	3.9%
Canadian Pacific Railway	3.8%
Onex Corporation	3.1%
Enbridge	2.8%
Franco-Nevada Corporation	2.7%
Alimentation Couche-Tard	2.6%
Dollarama	2.5%
Metro	2.4%
Saputo	2.3%
Toromont Industries	2.3%
Power Corporation of Canada	2.1%
Enghouse Systems	1.9%
Stantec	1.8%
Atco Ltd	1.7%
TELUS Corporation	1.7%
Thomson Reuters Corporation	1.7%
TransCanada Corporation	1.5%
Inter Pipeline	1.5%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

The fundamental investment objective of this Fund is to achieve long-term capital appreciation while continuing to emphasize the preservation of capital by investing primarily in Canadian equity securities.

Strategy of the Fund

To invest primarily in mid to large cap Canadian equity securities of growth-oriented companies. The Fund may also have a foreign equity component.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	63,400,011	—	—	63,400,011
TOTAL	63,400,011	—	—	63,400,011

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	67,494,746	—	—	67,494,746
TOTAL	67,494,746	—	—	67,494,746

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – CANADIAN EQUITY – FRANKLIN BISSETT (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX	3.00	1,821,469	1,914,960

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 1*	5.18	5.05	—	—	—
Series 3	13.04	12.65	10.59	11.80	10.93
Series 5	13.86	13.37	11.12	12.31	11.34
Series 6	5.96	5.74	4.77	5.27	—
Series 7	6.06	5.82	4.81	5.29	—
Series IGP*	10.55	10.12	—	—	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 1*	13,965	15,860	—	—	—
Series 3	24,209	26,914	15,132	20,052	21,070
Series 5	17,045	17,245	12,032	16,838	13,848
Series 6	5,043	4,529	2,412	2,289	—
Series 7	260	189	35	20	—
Series IGP*	2,786	2,783	—	—	—
Number of units outstanding (000)					
Series 1*	2,693	3,140	—	—	—
Series 3	1,856	2,127	1,429	1,699	1,927
Series 5	1,230	1,290	1,082	1,367	1,221
Series 6	847	790	506	435	—
Series 7	43	33	7	4	—
Series IGP*	264	275	—	—	—
Management expense ratio (MER)¹ (%)					
Series 1*	3.97	3.98	—	—	—
Series 3	3.58	3.59	3.59	3.59	3.59
Series 5	2.97	2.97	2.97	2.98	2.98
Series 6	2.80	2.80	2.79	2.83	—
Series 7	2.41	2.41	2.41	2.41	—
Series IGP*	2.39	2.38	—	—	—
Portfolio turnover rate² (%)	3.26	14.66	4.51	10.50	11.34

* Beginning of operations in November 2016.

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – SPECIALTY EQUITY – NEI NORTHWEST*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
New Flyer Industries	5.6%
Parex Resources	5.5%
Lassonde Industries	5.4%
Industrial Alliance, Insurance and Financial Services	5.2%
Boyd Group Income Fund	4.9%
Andrew Peller	4.3%
Premium Brands Holdings Corporation	4.0%
Stella-Jones	3.6%
Fortuna Silver Mines	3.6%
Altus Group	3.4%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,444	4.4%	10,488	4.9%	10,497	5.0%	10,545	5.5%
3 Years	10,794	2.6%	10,958	3.1%	10,986	3.2%	11,131	3.6%
5 Years	12,078	3.8%	12,384	4.4%	—	—	—	—
10 Years	11,296	1.2%	12,008	1.8%	—	—	—	—
Since Inception	13,400	2.7%	11,691	1.5%	10,180	0.5%	10,340	0.9%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	26,836
Investments at fair value through profit or loss (FVTPL)	16,038,305	16,701,009
Premiums receivable	3,131	5,213
Receivable for securities sold	26,802	1,149
	16,068,238	16,734,207
LIABILITIES		
Current Liabilities		
Bank overdraft	471	—
Accrued expenses	44,310	46,405
Withdrawals payable	3,885	6,046
Payable for securities purchased	—	1,691
	48,666	54,142
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	16,019,572	16,680,065
NET ASSETS PER UNIT		
Series 3	6.70	6.42
Series 5	7.13	6.80
Series 6	5.09	4.85
Series 7	5.17	4.90

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(9)	—
Distributions from underlying funds	—	162,463
Changes in fair value:		
Net realized gain (loss) on investments	346,737	9,033
Net unrealized gain (loss) on investments	938,791	2,924,903
	1,285,519	3,096,399
EXPENSES		
Management fees and guarantee charge	475,517	475,389
Operating expenses	63,277	63,749
	538,794	539,138
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	746,725	2,557,261
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	115,917	492,296
- per unit	0.26	0.93
Average Number of Units	445,215	531,338
SERIES 5		
Increase (Decrease) in Net Assets from Operations	543,579	1,860,412
- per unit	0.33	1.01
Average Number of Units	1,667,715	1,833,395
SERIES 6		
Increase (Decrease) in Net Assets from Operations	85,921	201,477
- per unit	0.25	0.73
Average Number of Units	346,757	277,705
SERIES 7		
Increase (Decrease) in Net Assets from Operations	1,308	3,076
- per unit	0.25	0.76
Average Number of Units	5,164	4,054

The accompanying Notes are an integral part of these financial statements.

DFS GIF – SPECIALTY EQUITY – NEI NORTHWEST (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	16,680,065	15,473,721
Increase (Decrease) in Net Assets from operations attributable to contract owners	746,725	2,557,261
Premiums		
Series 3	106,169	143,903
Series 5	1,860,070	1,487,577
Series 6	483,118	508,080
Series 7	7,369	—
	2,456,726	2,139,560
Withdrawals		
Series 3	(641,515)	(615,534)
Series 5	(3,088,047)	(2,509,234)
Series 6	(134,382)	(365,709)
	(3,863,944)	(3,490,477)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	16,019,572	16,680,065

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	746,725	2,557,261
Adjustments for:		
Net realized gain (loss)	(346,737)	(9,033)
Net unrealized gain (loss)	(938,791)	(2,924,903)
Non-cash distribution from investments	—	(162,463)
Proceeds from sale/maturity of investments	2,305,292	2,546,961
Investments purchased	(357,060)	(662,087)
Receivable for securities sold	(25,653)	1,374
Accrued expenses	(2,095)	2,898
Payable for securities purchased	(1,691)	(10,172)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	1,379,990	1,339,836
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	2,458,808	2,137,926
Amounts paid on withdrawals	(3,866,105)	(3,489,108)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(1,407,297)	(1,351,182)
Increase (decrease) in cash/ bank overdraft	(27,307)	(11,346)
Cash (bank overdraft), beginning of year	26,836	38,182
CASH (BANK OVERDRAFT), END OF YEAR	(471)	26,836
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	12	—
Interest paid	21	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.1%)		\$	\$
NEI Northwest Specialty Equity Fund, Series I	767,354	12,847,269	16,038,305
Total Investments		12,847,269	16,038,305
Other Net Assets (-0.1%)			(18,733)
Net Assets (100%)			16,019,572

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
New Flyer Industries	5.6%
Parex Resources	5.5%
Lassonde Industries	5.4%
Industrial Alliance, Insurance and Financial Services	5.2%
Boyd Group Income Fund	4.9%
Andrew Peller	4.3%
Premium Brands Holdings Corporation	4.0%
Stella-Jones	3.6%
Fortuna Silver Mines	3.6%
Altus Group	3.4%
FirstService Corporation	3.1%
Kinaxis	3.0%
Sleep Country Canada Holdings	3.0%
Descartes Systems Group	2.8%
Winpak	2.6%
Equitable Group	2.5%
Dollarama	2.3%
Osisko Gold Royalties	2.0%
Advantage Oil & Gas	1.9%
Laurentian Bank of Canada	1.9%
TORC Oil & Gas	1.9%
Richelieu Hardware	1.8%
WSP Global	1.8%
Toromont Industries	1.8%
Stantec	1.6%

DFS GIF – SPECIALTY EQUITY – NEI NORTHWEST (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To achieve capital appreciation over the longer term by investing primarily in the equity of smaller, fast growing Canadian companies with small market capitalizations under a billion dollars.

Strategy of the Fund

To invest primarily in common shares and other equity securities issued by companies that are financially strong and have distinct competitive advantages at relative valuations.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	16,038,305	—	—	16,038,305
TOTAL	16,038,305	—	—	16,038,305

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	16,701,009	—	—	16,701,009
TOTAL	16,701,009	—	—	16,701,009

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX Small Cap (50%)	3.00	174,714	191,882
S&P/TSX Completion (50%)	3.00	174,714	191,882

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – SPECIALTY EQUITY – NEI NORTHWEST (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	6.70	6.42	5.47	6.21	6.46
Series 5	7.13	6.80	5.77	6.51	6.73
Series 6	5.09	4.85	4.12	4.63	—
Series 7	5.17	4.90	4.14	4.64	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	2,726	3,145	3,125	4,335	5,197
Series 5	11,399	12,083	11,244	15,076	16,912
Series 6	1,866	1,432	1,088	618	—
Series 7	29	20	17	19	—
Number of units outstanding (000)					
Series 3	407	490	571	698	804
Series 5	1,598	1,777	1,948	2,317	2,511
Series 6	367	295	264	133	—
Series 7	6	4	4	4	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.82	3.82	3.83	3.83	3.83
Series 5	3.28	3.28	3.27	3.28	3.29
Series 6	3.24	3.21	3.21	3.24	—
Series 7	2.76	2.76	2.76	2.76	—
Portfolio turnover rate ² (%)	1.74	5.11	3.94	14.06	8.73

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – SMALL CAP – FRANKLIN BISSETT*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Indigo Books & Music	7.4%
Equitable Group	5.8%
Trican Well Service	5.6%
Leon's Furniture	5.3%
Transat A.T.	4.9%
Transcontinental	4.7%
Total Energy Services	4.5%
AGF Management	3.8%
Richelieu Hardware	3.6%
Westaim Corporation	3.3%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	9,725	-2.8%	9,782	-2.2%	9,791	-2.1%	9,801	-2.0%
3 Years	9,840	-0.5%	10,020	0.1%	10,029	0.1%	10,079	0.3%
5 Years	12,266	4.2%	12,625	4.8%	—	—	—	—
10 Years	14,520	3.8%	15,452	4.4%	—	—	—	—
Since Inception	33,560	7.1%	14,367	3.6%	9,480	-1.4%	9,560	-1.2%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – SMALL CAP – FRANKLIN BISSETT (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	15,181	7,157
Investments at fair value through profit or loss (FVTPL)	17,694,327	19,282,509
Premiums receivable	3,705	115,286
	<u>17,713,213</u>	<u>19,404,952</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	48,630	52,665
Withdrawals payable	16,030	19,895
Payable for securities purchased	14,878	93,264
	<u>79,538</u>	<u>165,824</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>17,633,675</u>	<u>19,239,128</u>
NET ASSETS PER UNIT		
Series 3	<u>16.78</u>	17.26
Series 5	<u>17.87</u>	18.27
Series 6	<u>4.74</u>	4.84
Series 7	<u>4.78</u>	4.88

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	408	—
Distributions from underlying funds	1,286,137	239,007
Changes in fair value:		
Net realized gain (loss) on investments	338,457	(37,641)
Net unrealized gain (loss) on investments	(1,543,424)	4,637,655
	<u>81,578</u>	<u>4,839,021</u>
EXPENSES		
Management fees and guarantee charge	524,925	500,071
Operating expenses	78,990	76,728
	<u>603,915</u>	<u>576,799</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(522,337)</u>	<u>4,262,222</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	<u>(219,192)</u>	1,627,798
- per unit	<u>(0.57)</u>	3.65
Average Number of Units	<u>384,467</u>	445,547
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>(238,781)</u>	2,099,040
- per unit	<u>(0.48)</u>	3.95
Average Number of Units	<u>496,240</u>	530,780
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>(55,792)</u>	527,812
- per unit	<u>(0.09)</u>	1.11
Average Number of Units	<u>616,215</u>	477,373
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>(8,572)</u>	7,572
- per unit	<u>(0.14)</u>	1.08
Average Number of Units	<u>59,195</u>	6,981

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	19,239,128	16,168,444
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(522,337)</u>	4,262,222
Premiums		
Series 3	178,287	338,684
Series 5	1,205,054	1,250,361
Series 6	1,001,100	1,087,194
Series 7	278,544	300
	<u>2,662,985</u>	2,676,539
Withdrawals		
Series 3	(1,101,897)	(1,329,570)
Series 5	(1,870,183)	(2,190,131)
Series 6	(728,754)	(347,697)
Series 7	(45,267)	(679)
	<u>(3,746,101)</u>	(3,868,077)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	17,633,675	19,239,128

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(522,337)	4,262,222
Adjustments for:		
Net realized gain (loss)	(338,457)	37,641
Net unrealized gain (loss)	1,543,424	(4,637,655)
Non-cash distribution from investments	(1,286,137)	(239,007)
Proceeds from sale/maturity of investments	2,915,685	3,157,206
Investments purchased	(1,246,333)	(1,387,397)
Receivable for securities sold	—	4,714
Accrued expenses	(4,035)	7,787
Payable for securities purchased	(78,386)	79,611
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	983,424	1,285,122
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	2,774,566	2,569,549
Amounts paid on withdrawals	(3,749,966)	(3,848,182)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(975,400)	(1,278,633)
Increase (decrease) in cash/ bank overdraft	8,024	6,489
Cash (bank overdraft), beginning of year	7,157	668
CASH (BANK OVERDRAFT), END OF YEAR	15,181	7,157
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	70	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – SMALL CAP – FRANKLIN BISSETT (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Bissett Small Cap Fund, Series O	218,502	16,192,748	17,694,327
Total Investments		16,192,748	17,694,327
Other Net Assets (-0.3%)			(60,652)
Net Assets (100%)			17,633,675

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Indigo Books & Music	7.4%
Equitable Group	5.8%
Trican Well Service	5.6%
Leon's Furniture	5.3%
Transat A.T.	4.9%
Transcontinental	4.7%
Total Energy Services	4.5%
AGF Management	3.8%
Richelieu Hardware	3.6%
Westaim Corporation	3.3%
Xtreme Drilling and Coil Services Corporation	2.9%
HNZ Group	2.9%
Major Drilling Group International	2.8%
Reitmans (Canada)	2.6%
Horizon North Logistics	2.4%
Winpak	2.2%
Advantage Oil & Gas	2.0%
Nuvista Energy	1.9%
Trinidad Drilling	1.8%
Delphi Energy Corporation	1.8%
AKITA Drilling	1.7%
Pieridae Energy	1.6%
Blackpearl Resources	1.6%
Corby Spirit and Wine	1.5%
Exco Technologies	1.5%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide investors with long-term capital appreciation. The Fund invests mainly in shares of Canadian companies with small to medium market capitalizations which are expected to provide above-average returns.

Strategy of the Fund

To be fully diversified at all times to compensate for the volatility inherent in investing in small capitalization equities.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	17,694,327	—	—	17,694,327
TOTAL	17,694,327	—	—	17,694,327

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	19,282,509	—	—	19,282,509
TOTAL	19,282,509	—	—	19,282,509

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – SMALL CAP – FRANKLIN BISSETT (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX Small Cap	3.00	361,101	366,846

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	16.78	17.26	13.53	17.05	18.15
Series 5	17.87	18.27	14.25	17.83	18.85
Series 6	4.74	4.84	3.78	4.73	—
Series 7	4.78	4.88	3.79	4.74	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	6,088	7,231	6,594	10,359	12,882
Series 5	8,307	9,211	8,051	13,185	12,887
Series 6	2,980	2,764	1,497	1,566	—
Series 7	258	34	27	121	—
Number of units outstanding (000)					
Series 3	363	419	487	607	710
Series 5	465	504	565	739	684
Series 6	629	571	396	331	—
Series 7	54	7	7	26	—
Management expense ratio (MER)¹ (%)					
Series 3	3.76	3.76	3.74	3.75	3.75
Series 5	3.14	3.14	3.13	3.13	3.13
Series 6	3.14	3.14	3.12	3.15	—
Series 7	2.74	2.74	2.56	2.76	—
Portfolio turnover rate² (%)	13.53	9.69	6.10	15.92	12.40

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – AMERICAN EQUITY – MFS*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
JPMorgan Chase & Company	3.9%
Bank of America Corporation	3.2%
Visa	3.1%
Alphabet, Class A	3.0%
Thermo Fisher Scientific	2.8%
American Tower Corporation REIT	2.6%
Broadcom	2.5%
Alphabet, Class C	2.4%
Cognizant Technology Solutions Corporation	2.4%
Comcast Corporation	2.3%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	11,183	11.8%	11,286	12.9%	11,285	12.8%	11,340	13.4%
3 Years	13,283	9.9%	13,608	10.8%	13,611	10.8%	13,804	11.3%
5 Years	21,266	16.3%	22,063	17.1%	—	—	—	—
10 Years	18,422	6.3%	19,827	7.1%	—	—	—	—
Since Inception	15,540	2.5%	19,642	6.9%	15,360	11.8%	15,600	12.2%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	5,450	—
Investments at fair value through profit or loss (FVTPL)	27,656,641	21,741,988
Premiums receivable	40,077	51,399
Receivable for securities sold	106	57,429
	<u>27,702,274</u>	<u>21,850,816</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	52,666
Accrued expenses	69,765	55,061
Withdrawals payable	30,072	40,247
	<u>99,837</u>	<u>147,974</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>27,602,437</u>	<u>21,702,842</u>
NET ASSETS PER UNIT		
Series 3	<u>7.77</u>	6.95
Series 5	<u>8.38</u>	7.43
Series 6	<u>7.68</u>	6.81
Series 7	<u>7.80</u>	6.88

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(283)	—
Distributions from underlying funds	3,214,429	2,198,474
Changes in fair value:		
Net realized gain (loss) on investments	525,642	488,856
Net unrealized gain (loss) on investments	(95,908)	(1,433,874)
	<u>3,643,880</u>	<u>1,253,456</u>
EXPENSES		
Management fees and guarantee charge	628,870	515,865
Operating expenses	122,288	104,620
	<u>751,158</u>	<u>620,485</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>2,892,722</u>	<u>632,971</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	437,254	69,760
- per unit	0.81	0.11
Average Number of Units	538,493	634,871
SERIES 5		
Increase (Decrease) in Net Assets from Operations	1,423,744	295,254
- per unit	0.93	0.20
Average Number of Units	1,534,808	1,509,609
SERIES 6		
Increase (Decrease) in Net Assets from Operations	994,731	259,389
- per unit	0.87	0.30
Average Number of Units	1,142,954	879,257
SERIES 7		
Increase (Decrease) in Net Assets from Operations	36,993	8,568
- per unit	0.94	0.31
Average Number of Units	39,354	27,398

The accompanying Notes are an integral part of these financial statements.

DFS GIF – AMERICAN EQUITY – MFS (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	21,702,842	20,653,706
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,892,722	632,971
Premiums		
Series 3	459,695	398,299
Series 5	2,905,570	2,357,759
Series 6	4,794,865	2,402,842
Series 7	421,438	69,880
	8,581,568	5,228,780
Withdrawals		
Series 3	(970,652)	(1,085,302)
Series 5	(3,146,221)	(2,626,648)
Series 6	(1,418,124)	(1,036,742)
Series 7	(39,698)	(63,923)
	(5,574,695)	(4,812,615)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	27,602,437	21,702,842

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,892,722	632,971
Adjustments for:		
Net realized gain (loss)	(525,642)	(488,856)
Net unrealized gain (loss)	95,908	1,433,874
Non-cash distribution from investments	(3,214,429)	(2,198,474)
Proceeds from sale/maturity of investments	3,769,508	3,597,387
Investments purchased	(6,039,998)	(3,624,917)
Receivable for securities sold	57,323	(57,429)
Accrued expenses	14,704	4,113
Payable for securities purchased	—	(9,703)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(2,949,904)	(711,034)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	8,592,890	5,417,390
Amounts paid on withdrawals	(5,584,870)	(4,774,501)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	3,008,020	642,889
Increase (decrease) in cash/ bank overdraft	58,116	(68,145)
Cash (bank overdraft), beginning of year	(52,666)	15,479
CASH (BANK OVERDRAFT), END OF YEAR	5,450	(52,666)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	2	—
Interest paid	67	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
MFS U.S. Equity Core Fund	1,742,963	25,550,844	27,656,641
Total Investments		25,550,844	27,656,641
Other Net Assets (-0.2%)			(54,204)
Net Assets (100%)			27,602,437

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
JPMorgan Chase & Company	3.9%
Bank of America Corporation	3.2%
Visa	3.1%
Alphabet, Class A	3.0%
Thermo Fisher Scientific	2.8%
American Tower Corporation REIT	2.6%
Broadcom	2.5%
Alphabet, Class C	2.4%
Cognizant Technology Solutions Corporation	2.4%
Comcast Corporation	2.3%
Accenture	2.3%
Goldman Sachs Group	2.2%
Mastercard	2.1%
Danaher Corporation	2.1%
Fidelity National Information Services	2.0%
Medtronic	2.0%
Canadian National Railway Company	1.9%
Johnson & Johnson	1.9%
Schlumberger	1.9%
Honeywell International	1.9%
EOG Resources	1.9%
Crown Holdings	1.6%
Mondelez International	1.6%
Pernod Ricard	1.6%
Facebook	1.5%

DFS GIF – AMERICAN EQUITY – MFS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To outperform the S&P 500.

Strategy of the Fund

To invest mainly in large cap equity securities of corporations located in the United States.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	27,656,641	—	27,656,641
TOTAL	—	27,656,641	—	27,656,641

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	21,741,988	—	21,741,988
TOTAL	—	21,741,988	—	21,741,988

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P 500	3.00	818,577	644,384

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – AMERICAN EQUITY – MFS (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 3	7.77	6.95	6.80	5.85	5.01
Series 5	8.38	7.43	7.21	6.16	5.23
Series 6	7.68	6.81	6.61	5.64	—
Series 7	7.80	6.88	6.65	5.65	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	3,978	4,052	4,669	4,410	4,083
Series 5	12,290	11,107	11,080	7,834	5,724
Series 6	10,754	6,382	4,757	1,028	—
Series 7	581	162	148	22	—
Number of units outstanding (000)					
Series 3	512	583	687	754	815
Series 5	1,467	1,496	1,536	1,272	1,094
Series 6	1,400	938	720	182	—
Series 7	75	24	22	4	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.74	3.75	3.76	3.77	3.76
Series 5	2.93	2.93	2.93	2.94	2.97
Series 6	2.88	2.87	2.88	2.87	—
Series 7	2.44	2.44	2.47	2.47	—
Portfolio turnover rate ² (%)	22.68	26.82	15.88	13.37	8.52

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – AMERICAN EQUITY VALUE – DESJARDINS*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Bank of America Corporation	4.3%
JPMorgan Chase & Company	4.2%
Citigroup	3.5%
Chevron Corporation	3.0%
Intel Corporation	3.0%
Exxon Mobil Corporation	2.5%
Wells Fargo & Company	2.1%
Merck & Company	2.0%
Verizon Communications	1.9%
Bristol-Myers Squibb Company	1.8%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 1		Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,319	3.2%	10,378	3.8%	10,398	4.0%	10,421	4.2%	10,455	4.6%
3 Years	12,695	8.3%	12,904	8.9%	12,968	9.0%	13,043	9.3%	13,241	9.8%
5 Years	19,877	14.7%	20,413	15.3%	20,547	15.5%	—	—	—	—
10 Years	17,457	5.7%	18,370	6.3%	18,615	6.4%	—	—	—	—
Since Inception	17,740	2.6%	12,902	1.3%	18,029	6.0%	15,020	11.1%	15,300	11.7%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – AMERICAN EQUITY VALUE – DESJARDINS (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	47,317	65,211
Investments at fair value through profit or loss (FVTPL)	26,385,655	24,739,481
Premiums receivable	2,681	173,457
Receivable for securities sold	16,827	—
	<u>26,452,480</u>	<u>24,978,149</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	68,446	63,496
Withdrawals payable	4,220	6,112
Payable for securities purchased	1,346	118,035
	<u>74,012</u>	<u>187,643</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>26,378,468</u>	<u>24,790,506</u>
NET ASSETS PER UNIT		
Series 1	<u>8.87</u>	8.60
Series 3	<u>9.78</u>	9.42
Series 5	<u>9.93</u>	9.55
Series 6	<u>7.51</u>	7.21
Series 7	<u>7.65</u>	7.32

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	106	—
Distributions from underlying funds	554,863	649,630
Changes in fair value:		
Net realized gain (loss) on investments	800,556	917,727
Net unrealized gain (loss) on investments	404,248	911,338
	<u>1,759,773</u>	<u>2,478,695</u>
EXPENSES		
Management fees and guarantee charge	677,069	599,519
Operating expenses	119,328	110,824
	<u>796,397</u>	<u>710,343</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>963,376</u>	<u>1,768,352</u>
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	84,177	183,118
- per unit	0.25	0.52
Average Number of Units	331,707	354,004
SERIES 3		
Increase (Decrease) in Net Assets from Operations	115,225	224,296
- per unit	0.35	0.59
Average Number of Units	330,333	377,870
SERIES 5		
Increase (Decrease) in Net Assets from Operations	451,473	867,173
- per unit	0.36	0.65
Average Number of Units	1,249,568	1,331,830
SERIES 6		
Increase (Decrease) in Net Assets from Operations	293,546	494,529
- per unit	0.30	0.64
Average Number of Units	993,918	777,072
SERIES 7		
Increase (Decrease) in Net Assets from Operations	18,955	(764)
- per unit	0.24	(0.02)
Average Number of Units	80,418	43,223

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	24,790,506	23,515,828
Increase (Decrease) in Net Assets from operations attributable to contract owners	963,376	1,768,352
Premiums		
Series 1	388,904	83,611
Series 3	452,220	525,895
Series 5	2,111,749	2,708,476
Series 6	2,125,513	2,210,345
Series 7	425,585	104,099
	5,503,971	5,632,426
Withdrawals		
Series 1	(271,081)	(337,827)
Series 3	(931,258)	(878,027)
Series 5	(2,579,731)	(3,537,789)
Series 6	(893,841)	(1,010,956)
Series 7	(203,474)	(361,501)
	(4,879,385)	(6,126,100)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	26,378,468	24,790,506

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	963,376	1,768,352
Adjustments for:		
Net realized gain (loss)	(800,556)	(917,727)
Net unrealized gain (loss)	(404,248)	(911,338)
Non-cash distribution from investments	(554,863)	(649,630)
Proceeds from sale/maturity of investments	3,146,962	4,113,908
Investments purchased	(3,033,086)	(2,917,609)
Receivable for securities sold	(16,827)	—
Accrued expenses	4,950	4,399
Payable for securities purchased	(116,689)	89,505
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(810,981)	579,860
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	5,674,747	5,523,495
Amounts paid on withdrawals	(4,881,277)	(6,124,236)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	793,470	(600,741)
Effect of exchange rate changes on foreign cash	(383)	(183)
Increase (decrease) in cash/ bank overdraft	(17,894)	(21,064)
Cash (bank overdraft), beginning of year	65,211	86,275
CASH (BANK OVERDRAFT), END OF YEAR	47,317	65,211
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	28	—
Interest paid	10	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – AMERICAN EQUITY VALUE – DESJARDINS (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.0%)		\$	\$
Desjardins American Equity Value Fund, I-Class	942,210	19,381,764	26,385,655
Total Investments		19,381,764	26,385,655
Other Net Assets (-0.0%)			(7,187)
Net Assets (100%)			26,378,468

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Bank of America Corporation	4.3%
JPMorgan Chase & Company	4.2%
Citigroup	3.5%
Chevron Corporation	3.0%
Intel Corporation	3.0%
Exxon Mobil Corporation	2.5%
Wells Fargo & Company	2.1%
Merck & Company	2.0%
Verizon Communications	1.9%
Bristol-Myers Squibb Company	1.8%
PNC Financial Services Group	1.7%
Qualcomm	1.5%
AstraZeneca	1.5%
Prudential Financial	1.5%
Lockheed Martin Corporation	1.4%
Chubb	1.4%
Synchrony Financial	1.4%
Eversource Energy	1.4%
Cisco Systems	1.4%
Honeywell International	1.4%
Comcast Corporation	1.4%
Philip Morris International	1.4%
Johnson Controls	1.4%
Hess Corporation	1.3%
Microsoft Corporation	1.3%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To provide investors with long-term capital growth by investing primarily in U.S. equities.

Strategy of the Fund

To invest primarily in the common shares of high quality, publicly traded mid to large United States companies across a wide range of market sectors.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	26,385,655	—	—	26,385,655
TOTAL	26,385,655	—	—	26,385,655

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	24,739,481	—	—	24,739,481
TOTAL	24,739,481	—	—	24,739,481

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – AMERICAN EQUITY VALUE – DESJARDINS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P 500	3.00	779,009	721,182

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 1	8.87	8.60	8.02	6.99	5.87
Series 3	9.78	9.42	8.74	7.58	6.34
Series 5	9.93	9.55	8.85	7.66	6.40
Series 6	7.51	7.21	6.67	5.76	—
Series 7	7.65	7.32	6.73	5.78	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 1	3,102	2,900	2,971	2,212	1,963
Series 3	3,016	3,380	3,508	2,927	2,514
Series 5	11,972	11,989	11,951	8,148	4,647
Series 6	7,762	6,237	4,543	1,116	—
Series 7	526	285	543	167	—
Number of units outstanding (000)					
Series 1	350	337	370	317	334
Series 3	308	359	401	386	396
Series 5	1,206	1,255	1,351	1,064	726
Series 6	1,034	865	682	194	—
Series 7	69	39	81	29	—
Management expense ratio (MER) ¹ (%)					
Series 1	3.82	3.82	3.81	3.82	3.82
Series 3	3.21	3.22	3.23	3.24	3.24
Series 5	3.06	3.05	3.06	3.07	3.08
Series 6	2.84	2.83	2.79	2.76	—
Series 7	2.38	2.27	2.25	2.41	—
Portfolio turnover rate ² (%)	12.45	17.24	9.05	8.18	13.89

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – GLOBAL DIVIDEND – DESJARDINS*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Vodafone Group	2.0%
BCE	1.9%
Imperial Brands	1.9%
Royal Dutch Shell	1.8%
Verizon Communications	1.8%
Total	1.7%
AT&T	1.7%
Altria Group	1.7%
AXA	1.7%
Muenchener Rueckversicherung	1.6%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	10,711	7.1%	10,693	6.9%	10,748	7.5%
3 Years	12,114	6.6%	12,074	6.5%	12,245	7.0%
5 Years	17,771	12.2%	—	—	—	—
Since Inception	17,800	11.6%	13,060	7.2%	13,300	7.7%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	3,810	15,196
Investments at fair value through profit or loss (FVTPL)	26,440,264	20,632,945
Premiums receivable	276,764	111,206
	<u>26,720,838</u>	<u>20,759,347</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	61,331	47,144
Withdrawals payable	13,437	10,887
Payable for securities purchased	249,738	116,112
	<u>324,506</u>	<u>174,143</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>26,396,332</u>	<u>20,585,204</u>
NET ASSETS PER UNIT		
Series 5	<u>8.90</u>	8.31
Series 6	<u>6.53</u>	6.11
Series 7	<u>6.65</u>	6.19

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	859,707	774,056
Changes in fair value:		
Net realized gain (loss) on investments	201,441	199,122
Net unrealized gain (loss) on investments	1,091,199	26,048
	<u>2,152,347</u>	<u>999,226</u>
EXPENSES		
Management fees and guarantee charge	599,250	482,650
Operating expenses	50,899	40,926
	<u>650,149</u>	<u>523,576</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,502,198</u>	<u>475,650</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	605,085	201,017
- per unit	<u>0.58</u>	0.17
Average Number of Units	<u>1,037,404</u>	1,162,450
SERIES 6		
Increase (Decrease) in Net Assets from Operations	801,694	253,100
- per unit	<u>0.40</u>	0.18
Average Number of Units	<u>1,992,005</u>	1,437,490
SERIES 7		
Increase (Decrease) in Net Assets from Operations	95,419	21,533
- per unit	<u>0.47</u>	0.19
Average Number of Units	<u>203,083</u>	112,208

The accompanying Notes are an integral part of these financial statements.

DFS GIF – GLOBAL DIVIDEND – DESJARDINS (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	<u>20,585,204</u>	15,227,201
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>1,502,198</u>	475,650
Premiums		
Series 5	1,414,169	1,888,363
Series 6	4,899,373	6,030,211
Series 7	<u>1,661,045</u>	845,232
	<u>7,974,587</u>	8,763,806
Withdrawals		
Series 5	(2,157,181)	(1,904,303)
Series 6	(1,428,513)	(1,599,960)
Series 7	<u>(79,963)</u>	(377,190)
	<u>(3,665,657)</u>	(3,881,453)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	<u>26,396,332</u>	20,585,204

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,502,198	475,650
Adjustments for:		
Net realized gain (loss)	(201,441)	(199,122)
Net unrealized gain (loss)	(1,091,199)	(26,048)
Non-cash distribution from investments	(859,707)	(774,056)
Proceeds from sale/maturity of investments	1,996,197	2,201,724
Investments purchased	(5,651,169)	(6,571,751)
Accrued expenses	14,187	12,771
Payable for securities purchased	<u>133,626</u>	17,072
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(4,157,308)</u>	(4,863,760)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	7,809,029	8,750,489
Amounts paid on withdrawals	<u>(3,663,107)</u>	(3,875,252)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>4,145,922</u>	4,875,237
Increase (decrease) in cash/ bank overdraft	(11,386)	11,477
Cash (bank overdraft), beginning of year	<u>15,196</u>	3,719
CASH (BANK OVERDRAFT), END OF YEAR	<u>3,810</u>	15,196

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
Desjardins Global Dividend Fund, I-Class	1,284,818	23,833,702	26,440,264
Total Investments		23,833,702	26,440,264
Other Net Assets (-0.2%)			(43,932)
Net Assets (100%)			26,396,332

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Vodafone Group	2.0%
BCE	1.9%
Imperial Brands	1.9%
Royal Dutch Shell	1.8%
Verizon Communications	1.8%
Total	1.7%
AT&T	1.7%
Altria Group	1.7%
AXA	1.7%
Muenchener Rueckversicherung	1.6%
Duke Energy Corporation	1.6%
AstraZeneca	1.6%
GlaxoSmithKline	1.6%
Terna – Rete Elettrica Nazionale	1.6%
PPL Corporation	1.5%
Philip Morris International	1.5%
Welltower	1.5%
Unibail-Rodamco	1.4%
National Grid	1.4%
British American Tobacco	1.4%
Allianz	1.3%
Pfizer	1.3%
Swisscom	1.3%
Dominion Resources	1.3%
Daimler AG	1.2%

DFS GIF – GLOBAL DIVIDEND – DESJARDINS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

The objective of this Fund is to provide dividend income and long term capital appreciation through the investment in equity and equity related securities of companies around the world, including, when deemed appropriate, emerging markets.

Strategy of the Fund

In order to achieve its investment objective, the Fund invests in companies with high dividend yields and whose management teams optimize their balance sheets through the redemption of shares or reducing debt or by opting to increase cash flows sufficiently to allow for the opportunity for dividend growth. Companies are selected which show stable or high profit growth, a lower than average debt in comparison to their industry average and whose securities are traded at a reasonable price in relation to other companies with similar characteristics. Equity related securities such as American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) may be used to gain exposure to a particular stock or sector.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	26,440,264	—	—	26,440,264
TOTAL	26,440,264	—	—	26,440,264

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	20,632,945	—	—	20,632,945
TOTAL	20,632,945	—	—	20,632,945

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
MSCI World Net	3.00	689,282	513,734

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – GLOBAL DIVIDEND – DESJARDINS (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 5	8.90	8.31	8.13	7.35	6.48
Series 6	6.53	6.11	5.98	5.41	—
Series 7	6.65	6.19	6.03	5.43	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 5	9,032	9,170	8,985	6,216	3,293
Series 6	14,783	10,511	5,827	1,790	—
Series 7	2,581	904	415	37	—
Number of units outstanding (000)					
Series 5	1,015	1,104	1,105	846	508
Series 6	2,262	1,721	974	331	—
Series 7	388	146	69	7	—
Management expense ratio (MER)¹ (%)					
Series 5	2.80	2.80	2.79	2.78	2.90
Series 6	2.89	2.87	2.83	2.86	—
Series 7	2.37	2.34	2.47	2.47	—
Portfolio turnover rate² (%)	8.85	12.24	10.21	5.06	8.23

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – GLOBAL EQUITY – MFS*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading “Strategy in using Financial Instruments”.

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
FACEBOOK	1.9%
Alphabet	1.8%
Citigroup	1.6%
Amazon.com	1.5%
Visa	1.4%
Honeywell International	1.4%
AIA Group	1.3%
US Bancorp	1.3%
American Tower Corporation REIT	1.2%
Medtronic	1.2%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	11,428	14.3%	11,485	14.8%	11,478	14.8%	11,537	15.4%
3 Years	13,023	9.2%	13,216	9.7%	13,200	9.7%	13,377	10.2%
5 Years	18,367	12.9%	18,819	13.5%	—	—	—	—
10 Years	—	—	11,279	1.2%	—	—	—	—
Since Inception	18,914	7.3%	10,525	0.5%	13,940	9.0%	14,180	9.5%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – GLOBAL EQUITY – MFS (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	9,115	17,381
Investments at fair value through profit or loss (FVTPL)	60,982,462	55,724,843
Premiums receivable	1,215	2,270
Receivable for securities sold	16,117	7,844
	<u>61,008,909</u>	<u>55,752,338</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	148,468	134,652
Withdrawals payable	4,797	54,434
	<u>153,265</u>	<u>189,086</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>60,855,644</u>	<u>55,563,252</u>
NET ASSETS PER UNIT		
Series 3	<u>5.05</u>	4.42
Series 5	<u>5.27</u>	4.59
Series 6	<u>6.97</u>	6.07
Series 7	<u>7.09</u>	6.15

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(376)	—
Distributions from underlying funds	6,799,831	7,342,469
Changes in fair value:		
Net realized gain (loss) on investments	663,193	534,875
Net unrealized gain (loss) on investments	2,267,714	(6,789,873)
	<u>9,730,362</u>	<u>1,087,471</u>
EXPENSES		
Management fees and guarantee charge	1,311,794	1,245,698
Operating expenses	391,329	376,236
	<u>1,703,123</u>	<u>1,621,934</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>8,027,239</u>	<u>(534,463)</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	395,608	(36,393)
- per unit	0.63	(0.06)
Average Number of Units	627,281	656,033
SERIES 5		
Increase (Decrease) in Net Assets from Operations	7,242,270	(524,104)
- per unit	0.68	(0.05)
Average Number of Units	10,635,763	11,621,487
SERIES 6		
Increase (Decrease) in Net Assets from Operations	350,550	17,419
- per unit	0.87	0.06
Average Number of Units	405,167	310,017
SERIES 7		
Increase (Decrease) in Net Assets from Operations	38,811	8,615
- per unit	0.89	0.41
Average Number of Units	43,644	20,768

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	55,563,252	61,885,527
Increase (Decrease) in Net Assets from operations attributable to contract owners	8,027,239	(534,463)
Premiums		
Series 3	651,152	413,874
Series 5	2,505,917	1,715,382
Series 6	1,787,981	666,209
Series 7	202,834	150,392
	5,147,884	2,945,857
Withdrawals		
Series 3	(658,815)	(623,503)
Series 5	(6,666,745)	(7,904,035)
Series 6	(531,083)	(205,900)
Series 7	(26,088)	(231)
	(7,882,731)	(8,733,669)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	60,855,644	55,563,252

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	8,027,239	(534,463)
Adjustments for:		
Net realized gain (loss)	(663,193)	(534,875)
Net unrealized gain (loss)	(2,267,714)	6,789,873
Non-cash distribution from investments	(6,799,831)	(7,342,469)
Proceeds from sale/maturity of investments	6,744,001	8,294,319
Investments purchased	(2,270,882)	(906,457)
Receivable for securities sold	(8,273)	(6,227)
Accrued expenses	13,816	(14,833)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	2,775,163	5,744,868
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	5,148,939	2,991,587
Amounts paid on withdrawals	(7,932,368)	(8,742,764)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(2,783,429)	(5,751,177)
Increase (decrease) in cash/ bank overdraft	(8,266)	(6,309)
Cash (bank overdraft), beginning of year	17,381	23,690
CASH (BANK OVERDRAFT), END OF YEAR	9,115	17,381
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	13	—
Interest paid	138	—

The accompanying Notes are an integral part of these financial statements.

DFS GIF – GLOBAL EQUITY – MFS (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
MFS Global Research Fund	3,357,307	57,740,344	60,982,462
Total Investments		57,740,344	60,982,462
Other Net Assets (-0.2%)			(126,818)
Net Assets (100%)			60,855,644

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Facebook	1.9%
Alphabet	1.8%
Citigroup	1.6%
Amazon.com	1.5%
Visa	1.4%
Honeywell International	1.4%
AIA Group	1.3%
US Bancorp	1.3%
American Tower Corporation REIT	1.2%
Medtronic	1.2%
Morgan Stanley	1.2%
NIKE	1.2%
Schneider Electric	1.1%
UBS Group AG	1.1%
Roche Holding AG	1.1%
Bayer AG	1.1%
DowDuPont	1.1%
Suncor Energy	1.1%
salesforce.com	1.1%
Adobe Systems	1.1%
Aon	1.1%
EOG Resources	1.1%
BP	1.1%
Nestlé	1.0%
Starbucks Corporation	1.0%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To achieve long-term capital growth by investing primarily in equity securities.

Strategy of the Fund

To control the level of volatility of return relative to the overall stock markets by maintaining strong geographic diversification and by investing in attractively-valued securities. The Fund will primarily invest in common stocks of American, European, and Asian corporations.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	60,982,462	—	60,982,462
TOTAL	—	60,982,462	—	60,982,462

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	55,724,843	—	55,724,843
TOTAL	—	55,724,843	—	55,724,843

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – GLOBAL EQUITY – MFS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
MSCI All Country World Net	3.00	1,835,926	1,644,891

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets Per Unit (\$)					
Series 3	5.05	4.42	4.46	3.86	3.56
Series 5	5.27	4.59	4.61	3.97	3.64
Series 6	6.97	6.07	6.10	5.25	—
Series 7	7.09	6.15	6.15	5.27	—
Net Asset Value Per Unit (\$)					
Series 3	5,05	4,42	4,46	3,88	3,56
Series 5	5,27	4,59	4,61	3,99	3,64
Series 6	6,97	6,07	6,10	5,28	—
Series 7	7,09	6,15	6,15	5,30	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 3	3,238	2,850	3,096	167	143
Series 5	53,619	50,538	57,250	22,984	21,840
Series 6	3,600	1,993	1,515	121	—
Series 7	399	183	24	21	—
Number of units outstanding (000)					
Series 3	641	645	695	43	40
Series 5	10,175	11,014	12,426	5,764	6,000
Series 6	516	328	248	23	—
Series 7	56	30	4	4	—
Management expense ratio (MER) ¹ (%)					
Series 3	3.37	3.36	3.39	3.39	3.47
Series 5	2.90	2.92	2.92	2.92	2.92
Series 6	2.94	2.93	2.95	3.00	—
Series 7	2.46	2.53	2.53	2.53	—
Portfolio turnover rate ² (%)	21.60	10.45	8.57	4.28	4.14

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – INTERNATIONAL EQUITY – MFS*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading "Strategy in using Financial Instruments".

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Nestlé	3.8%
Bayer AG	3.1%
AIA Group	2.7%
ING Groep	2.6%
Roche Holding AG	2.6%
UBS Group AG	2.4%
Air Liquide	2.4%
Schneider Electric	2.4%
Pernod Ricard	2.4%
SAP SE	2.4%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 1		Series 3		Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	11,645	16.5%	11,674	16.7%	11,782	17.8%	11,739	17.4%	11,807	18.1%
3 Years	12,910	8.9%	12,986	9.1%	13,335	10.1%	13,213	9.7%	13,408	10.3%
5 Years	15,388	9.0%	15,543	9.2%	16,221	10.2%	—	—	—	—
10 Years	9,539	-0.5%	9,688	-0.3%	10,601	0.6%	—	—	—	—
Since Inception	14,060	1.6%	11,496	0.7%	10,140	0.1%	12,680	6.4%	12,920	6.9%

* This Fund is composed of units of the corresponding underlying investment funds.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	22,631	7,591
Investments at fair value through profit or loss (FVTPL)	12,486,711	10,519,036
Premiums receivable	1,317	5,318
Interest, dividends and other receivables	—	257
	<u>12,510,659</u>	<u>10,532,202</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	39,542	28,372
Withdrawals payable	1,174	73,127
Payable for securities purchased	19,680	4,305
	<u>60,396</u>	<u>105,804</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>12,450,263</u>	<u>10,426,398</u>
NET ASSETS PER UNIT		
Series 1	<u>7.03</u>	6.04
Series 3	<u>7.30</u>	6.25
Series 5	<u>8.01</u>	6.80
Series 6	<u>6.34</u>	5.40
Series 7	<u>6.46</u>	5.47

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(6,086)	—
Distributions from underlying funds	677,501	671,323
Changes in fair value:		
Net realized gain (loss) on investments	382,696	292,346
Net unrealized gain (loss) on investments	1,058,269	(1,318,749)
	<u>2,112,380</u>	<u>(355,080)</u>
EXPENSES		
Management fees and guarantee charge	293,741	290,950
Operating expenses	71,680	72,998
	<u>365,421</u>	<u>363,948</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,746,959</u>	<u>(719,028)</u>
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	259,388	(143,753)
- per unit	0.98	(0.45)
Average Number of Units	263,363	319,715
SERIES 3		
Increase (Decrease) in Net Assets from Operations	633,682	(307,984)
- per unit	1.06	(0.42)
Average Number of Units	595,563	733,295
SERIES 5		
Increase (Decrease) in Net Assets from Operations	662,262	(216,054)
- per unit	1.23	(0.38)
Average Number of Units	537,669	573,051
SERIES 6		
Increase (Decrease) in Net Assets from Operations	157,866	(45,534)
- per unit	0.89	(0.29)
Average Number of Units	178,299	158,699
SERIES 7		
Increase (Decrease) in Net Assets from Operations	33,761	(5,703)
- per unit	0.80	(0.22)
Average Number of Units	42,003	26,317

The accompanying Notes are an integral part of these financial statements.

DFS GIF – INTERNATIONAL EQUITY – MFS (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	<u>10,426,398</u>	12,602,160
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>1,746,959</u>	(719,028)
Premiums		
Series 1	490,174	50,934
Series 3	389,794	262,395
Series 5	700,919	515,701
Series 6	950,991	272,685
Series 7	155,339	53,696
	<u>2,687,217</u>	1,155,411
Withdrawals		
Series 1	(269,533)	(529,522)
Series 3	(960,519)	(999,763)
Series 5	(731,486)	(802,663)
Series 6	(262,413)	(280,144)
Series 7	(186,360)	(53)
	<u>(2,410,311)</u>	(2,612,145)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	<u>12,450,263</u>	10,426,398

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,746,959	(719,028)
Adjustments for:		
Net realized gain (loss)	(382,696)	(292,346)
Net unrealized gain (loss)	(1,058,269)	1,318,749
Non-cash distribution from investments	(677,501)	(671,323)
Proceeds from sale/maturity of investments	1,959,723	2,243,411
Investments purchased	(1,808,932)	(499,655)
Interest, dividends and other receivables	257	15
Accrued expenses	11,170	(5,787)
Payable for securities purchased	15,375	2,030
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(193,914)</u>	1,376,066
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	2,691,218	1,167,777
Amounts paid on withdrawals	(2,482,264)	(2,541,695)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>208,954</u>	(1,373,918)
Increase (decrease) in cash/ bank overdraft	15,040	2,148
Cash (bank overdraft), beginning of year	<u>7,591</u>	5,443
CASH (BANK OVERDRAFT), END OF YEAR	<u>22,631</u>	7,591
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	2	—
Interest paid	<u>32</u>	—

The accompanying Notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
MFS International Equity Fund	934,634	10,199,840	12,486,711
Total Investments		10,199,840	12,486,711
Other Net Assets (-0.3%)			(36,448)
Net Assets (100%)			12,450,263

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Nestlé	3.8%
Bayer AG	3.1%
AIA Group	2.7%
ING Groep	2.6%
Roche Holding AG	2.6%
UBS Group AG	2.4%
Air Liquide	2.4%
Schneider Electric	2.4%
Pernod Ricard	2.4%
SAP SE	2.4%
Hoya Corporation	2.2%
Amadeus IT Group	2.2%
Terumo Corporation	2.1%
Canadian National Railway Company	2.1%
Reckitt Benckiser Group	2.0%
Compass Group	2.0%
WPP	2.0%
Moët Hennessy Louis Vuitton	1.9%
Diageo	1.9%
Beiersdorf AG	1.9%
Taiwan Semiconductor Manufacturing Company	1.9%
Novo Nordisk	1.9%
DBS Group Holdings	1.7%
Novartis AG	1.7%
Tata Consultancy Services	1.7%

DFS GIF – INTERNATIONAL EQUITY – MFS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

The fundamental investment objective of this Fund is to provide investors with long-term capital growth based on an internationally diversified equity portfolio by investing primarily in Europe and the Far East.

Strategy of the Fund

To invest its assets primarily in the common shares of large corporations with attractive relative valuations located in many countries.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)**Hierarchy of Financial Instruments Measured at Fair Value**

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	12,486,711	—	12,486,711
TOTAL	—	12,486,711	—	12,486,711

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	10,519,036	—	10,519,036
TOTAL	—	10,519,036	—	10,519,036

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)**Underlying Fund Risk Management**

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
MSCI EAFE Net	3.00	396,994	332,558

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

DFS GIF – INTERNATIONAL EQUITY – MFS (cont.)

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets Per Unit (\$)					
Series 1	7.03	6.04	6.42	5.57	5.56
Series 3	7.30	6.25	6.64	5.75	5.73
Series 5	8.01	6.80	7.15	6.15	6.07
Series 6	6.34	5.40	5.70	4.91	—
Series 7	6.46	5.47	5.75	4.93	—
Net Asset Value Per Unit (\$)					
Series 1	7.03	6.04	6.42	5.45	5.56
Series 3	7.30	6.25	6.64	5.62	5.73
Series 5	8.01	6.80	7.15	6.01	6.07
Series 6	6.34	5.40	5.70	4.80	—
Series 7	6.46	5.47	5.75	4.82	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 1	2,097	1,617	2,240	1,967	2,171
Series 3	4,175	4,112	5,158	5,249	6,171
Series 5	4,304	3,672	4,175	3,566	3,922
Series 6	1,677	830	883	14	—
Series 7	197	195	147	74	—
Number of units outstanding (000)					
Series 1	298	268	349	361	390
Series 3	572	658	777	934	1,077
Series 5	537	540	584	594	646
Series 6	264	154	155	3	—
Series 7	31	36	26	15	—
Management expense ratio (MER)¹ (%)					
Series 1	3.83	3.82	3.83	3.85	3.85
Series 3	3.65	3.65	3.64	3.65	3.65
Series 5	2.75	2.75	2.76	2.76	2.77
Series 6	3.02	3.01	3.05	3.03	—
Series 7	2.55	2.55	2.59	2.59	—
Portfolio turnover rate² (%)					
	16.90	10.33	20.58	9.95	12.01

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

DFS GIF – INTERNATIONAL EQUITY GROWTH – DESJARDINS*

SUMMARY FACTS STATEMENT — unaudited

The following unaudited section shows the Top holdings of the Fund and performance data for the year ending December 31, 2017. The current objective and strategy of the Fund can be found in the audited Notes to the Financial Statements – Specific Information as at December 31, 2017 section of this document under the section heading “Strategy in using Financial Instruments”.

For a detailed description of each Fund's investment policy and where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s) is available upon request by writing to the Company at 1 Complexe Desjardins, P.O. Box 9000, Montreal, Quebec, H5B 1H5.

TOP MAJOR HOLDINGS OF THE UNDERLYING FUND AS OF DECEMBER 31, 2017

Security Name	Percentage of Portfolio
Tencent Holdings	6.9%
ASML Holding	4.7%
Alibaba Group Holding	4.4%
AIA Group	4.4%
Baidu, ADR	4.2%
Softbank Corporation	3.7%
Inditex	3.4%
Atlas Copco	3.3%
Kering	3.0%
Ferrari	2.9%

PERFORMANCE INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2017

	Series 5		Series 6		Series 7	
	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)	\$10,000 Lump Sum Value	Total Gain (Annualized)
1 Year	13,358	33.6%	13,371	33.7%	13,443	34.4%
3 Years	14,296	12.7%	14,362	12.8%	14,550	13.3%
5 Years	19,325	14.1%	—	—	—	—
Since Inception	20,320	14.4%	13,940	9.0%	14,160	9.5%

* This Fund is composed of units of the corresponding underlying investment funds.

DFS GIF – INTERNATIONAL EQUITY GROWTH – DESJARDINS (cont.)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash	1,339	5,494
Investments at fair value through profit or loss (FVTPL)	6,040,359	2,514,232
Premiums receivable	3,522	3,115
Receivable for securities sold	—	925
	<u>6,045,220</u>	<u>2,523,766</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	14,786	6,175
Withdrawals payable	3,781	1,585
Payable for securities purchased	1,529	6,410
	<u>20,096</u>	<u>14,170</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>6,025,124</u>	<u>2,509,596</u>
NET ASSETS PER UNIT		
Series 5	<u>10.16</u>	7.61
Series 6	<u>6.97</u>	5.21
Series 7	<u>7.08</u>	5.27

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	36,591	195,202
Changes in fair value:		
Net realized gain (loss) on investments	45,082	11,576
Net unrealized gain (loss) on investments	1,037,761	(261,427)
	<u>1,119,434</u>	<u>(54,649)</u>
EXPENSES		
Management fees and guarantee charge	110,406	67,565
Operating expenses	12,131	7,946
	<u>122,537</u>	<u>75,511</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>996,897</u>	<u>(130,160)</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	477,076	(82,377)
- per unit	2.42	(0.42)
Average Number of Units	196,920	195,491
SERIES 6		
Increase (Decrease) in Net Assets from Operations	496,741	(46,643)
- per unit	1.54	(0.23)
Average Number of Units	323,501	198,743
SERIES 7		
Increase (Decrease) in Net Assets from Operations	23,080	(1,140)
- per unit	1.04	(0.27)
Average Number of Units	22,227	4,150

The accompanying Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS

Years Ended December 31

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF YEAR	2,509,596	2,525,372
Increase (Decrease) in Net Assets from operations attributable to contract owners	996,897	(130,160)
Premiums		
Series 5	652,351	186,696
Series 6	1,878,808	552,505
Series 7	496,970	—
	3,028,129	739,201
Withdrawals		
Series 5	(176,353)	(341,507)
Series 6	(307,564)	(283,310)
Series 7	(25,581)	—
	(509,498)	(624,817)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF YEAR	6,025,124	2,509,596

STATEMENT OF CASH FLOWS

Years Ended December 31

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	996,897	(130,160)
Adjustments for:		
Net realized gain (loss)	(45,082)	(11,576)
Net unrealized gain (loss)	(1,037,761)	261,427
Non-cash distribution from investments	(36,591)	(195,202)
Proceeds from sale/maturity of investments	294,974	503,631
Investments purchased	(2,701,667)	(540,967)
Receivable for securities sold	925	1,153
Accrued expenses	8,611	(200)
Payable for securities purchased	(4,881)	6,275
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(2,524,575)	(105,619)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	3,027,722	736,246
Amounts paid on withdrawals	(507,302)	(625,629)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	2,520,420	110,617
Increase (decrease) in cash/ bank overdraft	(4,155)	4,998
Cash (bank overdraft), beginning of year	5,494	496
CASH (BANK OVERDRAFT), END OF YEAR	1,339	5,494

The accompanying Notes are an integral part of these financial statements.

DFS GIF – INTERNATIONAL EQUITY GROWTH – DESJARDINS (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Desjardins Overseas Equity Growth Fund, I-Class	244,084	4,899,885	6,040,359
Total Investments		4,899,885	6,040,359
Other Net Assets (-0.3%)			(15,235)
Net Assets (100%)			6,025,124

The accompanying Notes are an integral part of these financial statements.

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Tencent Holdings	6.9%
ASML Holding	4.7%
Alibaba Group Holding	4.4%
AIA Group	4.4%
Baidu, ADR	4.2%
Softbank Corporation	3.7%
Inditex	3.4%
Atlas Copco	3.3%
Kering	3.0%
Ferrari	2.9%
Illumina	2.8%
Zalando	2.6%
M3	2.5%
Rolls-Royce Holdings	2.4%
Amazon.com	2.3%
L'Oréal	2.2%
Fiat Chrysler Automobiles	2.1%
Tesla Motors	2.0%
SMC Corporation	2.0%
New Oriental Education & Technology Group	2.0%
Genmab	1.7%
Investment AB Kinnevik	1.7%
MercadoLibre	1.6%
Svenska Handelsbanken	1.6%
TAL Education Group	1.5%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

The objective of this Fund is to achieve long term capital growth by investing in equity and equity related securities of companies located or operating outside of North America, while when appropriate, also investing in equity and equity related securities of companies located or operating in emerging markets.

Strategy of the Fund

Investment decisions are backed by extensive research and analysis with preference given to those companies that can sustain above average growth in earnings and cash flow and whose securities are traded at a reasonable price. The investment approach involves a bottom-up, stock driven approach to country and sector allocation and more specifically, those companies with sustainable competitive advantages and strong management teams operating in a favourable market background and display solid financial characteristics.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Note 7)

Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

Investment Measured at Fair Value at the End of the Year, within the Following Levels:

December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	6,040,359	—	—	6,040,359
TOTAL	6,040,359	—	—	6,040,359

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	2,514,232	—	—	2,514,232
TOTAL	2,514,232	—	—	2,514,232

Transfers between Levels 1 and 2

During the years ended December 31, 2017 and 2016, there were no transfers of securities between Levels 1 and 2.

Investment Entities (Note 2)

Total values of index-based investments, mortgage-backed securities, asset-backed securities, investment funds (including limited partnerships) and master asset vehicles (included in the bonds) in the table "Investment Measured at Fair Value within the Levels" also represent the fair value of investments in structured entities.

FINANCIAL INSTRUMENTS RISKS (Note 7)

Underlying Fund Risk Management

Monthly, the investment strategy team compares the Fund's performance to similar funds as well as to the related benchmarks.

Quarterly, this team makes an analysis of the Fund's performance. This analysis includes among others a review of the securities having obtained a greater or lower performance than forecasts, an evaluation of the strategies used as well as a complete analysis of the sector. It also ensures the compliance with the Fund's investment policies. Furthermore, it examines thoughtfully any change within the organization, such as the recruitment, the departure of key staff or any structure modification.

Annually, this team reviews the practices and processes used by the Fund's managers through an exhaustive questionnaire and periodic meetings.

Currency Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to currency risk. As a result, the Fund may be exposed to currency risk related to the current underlying fund. Detailed disclosure about the currency risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

DFS GIF – INTERNATIONAL EQUITY GROWTH – DESJARDINS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

As at December 31, 2017

Interest Rate Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to interest rate risk. As a result, the Fund may be exposed to interest rate risk related to the current underlying fund. Detailed disclosure about the interest rate risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Concentration Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to concentration risk. As a result, the Fund is exposed to concentration risk related to the current underlying fund. Detailed disclosure about the concentration risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Price Risk

The majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to price risk. As a result, the Fund is exposed to price risk related to the current underlying fund. Detailed disclosure about the price risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

The Manager's estimate of the impact on Net Assets Attributable to Contract Owners as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

	Change in Price	Impact on Net Assets Attributable to Contract Owners	
		December 31, 2017	December 31, 2016
Benchmarks	%	\$	\$
MSCI EAFE Net	3.00	193,484	79,330

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

Credit Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which may be exposed to credit risk. As a result, the Fund may be exposed to credit risk related to the current underlying fund. Detailed disclosure about the credit risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

Liquidity Risk

As at December 31, 2017 and 2016, the majority of the Net Assets Attributable to Contract Owners are invested in an underlying fund which is exposed to liquidity risk. As a result, the Fund is exposed to liquidity risk related to the current underlying fund. Detailed disclosure about the liquidity risk on the underlying fund can be obtained from Desjardins Financial Security (see Note 7).

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

FINANCIAL HIGHLIGHTS — unaudited

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As at December 31 st	2017	2016	2015	2014	2013
Net Assets and Net Asset Value Per Unit (\$)					
Series 5	10.16	7.61	8.05	7.11	7.10
Series 6	6.97	5.21	5.51	4.85	—
Series 7	7.08	5.27	5.54	4.87	—
Ratios and Supplemental Data					
Net Asset Value (\$000's)					
Series 5	2,287	1,334	1,571	1,276	936
Series 6	3,222	1,154	931	569	—
Series 7	516	22	23	20	—
Number of units outstanding (000)					
Series 5	225	175	195	180	132
Series 6	462	221	169	117	—
Series 7	73	4	4	4	—
Management expense ratio (MER)¹ (%)					
Series 5	3.10	3.10	3.11	3.10	3.22
Series 6	2.94	2.93	2.92	2.94	—
Series 7	2.53	2.53	2.53	2.53	—
Portfolio turnover rate² (%)	6.78	24.69	13.03	13.94	9.11

¹ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs and withholding taxes) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratios reflected are those presented in the Fund Facts for each series.

² The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

1. ESTABLISHMENT OF THE FUNDS

The Desjardins Financial Security Guaranteed Investment Funds (the "Funds") consist of thirty-six Funds established by Desjardins Financial Security Life Assurance Company ("Desjardins Financial Security" or the "Company") in respect of individual variable insurance contracts issued under the Desjardins Financial Security Guaranteed Investment Funds Plan – Helios, Helios2, the Millennia III Plan and the Imperial Growth Plan. The assets of each Fund are segregated from the Company's other assets and are owned by Desjardins Financial Security. The Funds are not separate legal entities. The Company's head office is located at 200, rue des Commandeurs, Lévis, Quebec, Canada G6V 6R2.

The Funds were established on the following dates by resolutions of the Board of Directors:

	Series 1	Series 3	Series 5	Series 6	Series 7	Series IGP
INVESTMENT SOLUTIONS						
Conservative	—	—	Oct. 19, 2015	Feb. 24, 2014	Feb. 24, 2014	—
Moderate	—	—	Oct. 19, 2015	Feb. 24, 2014	Feb. 24, 2014	—
Balanced	—	—	Oct. 19, 2015	Feb. 24, 2014	Feb. 24, 2014	—
Growth	—	—	Oct. 19, 2015	Feb. 24, 2014	Feb. 24, 2014	—
Maximum Growth	—	—	Oct. 19, 2015	Feb. 24, 2014	Feb. 24, 2014	—
INDIVIDUAL FUNDS						
Income						
Money Market	Nov. 15, 1995	Dec. 14, 1998	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	Nov. 7, 2014
Income – Fiera Capital	Nov. 15, 1995	Dec. 14, 1998	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Bond	—	—	Oct. 19, 2015	Oct. 19, 2015	Oct. 19, 2015	—
Balanced and Asset Allocation						
Diversified Income – Franklin Quotential	—	Oct. 30, 2000	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Balanced Income – Franklin Quotential	—	Oct. 30, 2000	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Balanced – Fidelity	—	Dec. 1, 2008	Dec. 1, 2008	Feb. 24, 2014	Feb. 24, 2014	—
U.S. Monthly Income – Fidelity	—	—	Oct. 19, 2015	Oct. 19, 2015	Oct. 19, 2015	—
Balanced – Desjardins SocieTerra	—	—	Oct. 19, 2015	Oct. 19, 2015	Oct. 19, 2015	—
Global Balanced – Jarislowsky Fraser	—	Nov. 17, 2003	Oct. 29, 2007	Oct. 19, 2015	Oct. 19, 2015	—
Canadian Balanced – Fiera Capital	Nov. 15, 1995	Dec. 14, 1998	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Balanced – Franklin Bissett	—	Dec. 5, 2005	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Balanced Growth – Franklin Quotential	—	Dec. 11, 2006	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Balanced – CI Signature	—	—	May 3, 2010	Feb. 24, 2014	Feb. 24, 2014	—
Income and Growth – CI Signature	—	—	Sept. 24, 2012	Feb. 24, 2014	Feb. 24, 2014	—
Growth and Income – NEI Northwest	—	Dec. 11, 2006	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Global Growth – NEI Select	—	Jan. 14, 2002	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Asset Allocation – CI Cambridge	—	—	Sept. 24, 2012	Feb. 24, 2014	Feb. 24, 2014	—
Growth – Franklin Quotential	—	Oct. 30, 2000	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Equity						
Dividend Income – Franklin Bissett	—	Apr. 17, 2000	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Dividend – NEI Northwest	—	—	Sept. 24, 2012	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Equity – Jarislowsky Fraser	—	Dec. 5, 2005	Oct. 29, 2007	Oct. 19, 2015	Oct. 19, 2015	—
Canadian Equity – Fidelity True North®	—	Dec. 1, 2008	Dec. 1, 2008	Feb. 24, 2014	Feb. 24, 2014	—
Canadian Equity – Franklin Bissett	Nov. 25, 2016	Apr. 17, 2000	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	Nov. 25, 2016
Specialty Equity – NEI Northwest	—	Dec. 11, 2006	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Small Cap – Franklin Bissett	—	Apr. 17, 2000	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Foreign Equity						
American Equity – MFS	—	Apr. 17, 2000	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
American Equity Value – Desjardins	Nov. 15, 1995	Dec. 14, 1998	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
Global Dividend – Desjardins	—	—	Sept. 24, 2012	Feb. 24, 2014	Feb. 24, 2014	—
Global Equity – MFS	—	Dec. 1, 2008	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
International Equity – MFS	Nov. 15, 1995	Dec. 14, 1998	Oct. 29, 2007	Feb. 24, 2014	Feb. 24, 2014	—
International Equity Growth – Desjardins	—	—	Sept. 24, 2012	Feb. 24, 2014	Feb. 24, 2014	—

The financial statements of the Funds are presented in Canadian dollars (CAD), the Funds' functional and presentation currency.

The main activities of the Funds are disclosed in the section "Strategy in Using Financial Instruments" in the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund.

In November 2016, the Company closed the following Fund:

FUND NAME

DFS GIF – Canadian Equity – Fiera Capital

2. BASIS OF PRESENTATION

Statement of Compliance

The policies applied in the preparation of these financial statements are based on International Financial Reporting Standards (IFRS) in effect as of April 12, 2018, the date on which the financial statements have been authorized for issue by the Audit and Risk Management Committee of the Company.

Significant Accounting Policies

The significant measurement and presentation policies applied to prepare these financial statements are described below.

Financial Assets and Liabilities

The Funds' financial assets consist primarily of investments in non-derivative financial instruments and derivative financial instruments presented in the schedule of investment portfolio. Financial liabilities consist primarily of derivative financial instruments.

Financial assets and liabilities are recognized on the date the Funds become a party to the contractual provisions of the instrument, namely the trade date of the financial instrument.

Classification of Financial Instruments

The Funds classify their financial assets and liabilities in the following categories:

Financial assets at fair value through profit or loss (FVTPL):

- Held for trading: derivative financial instruments;
- Designated at FVTPL: all other investments including equity and fixed-income securities.

Financial assets at amortized cost:

- Loans and receivables: cash and all other receivables.

Financial liabilities at FVTPL:

- Held for trading: derivative financial instruments and short positions.

Financial liabilities at amortized cost:

- Bank overdraft and all other payables.

A financial instrument is designated at FVTPL if it eliminates or significantly reduces a measurement or a recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Funds' obligation concerning net assets attributable to Contract Owners is recorded at the redemption amount which approximates fair value. The accounting policies used to measure the fair value of investments and derivative financial instruments are identical to those used in measuring the net asset value for transactions with Contract Owners, except when the closing price for financial assets and liabilities is not within the bid-ask spread.

As at December 31, 2017 and 2016, there are no differences between the Funds' net asset value per unit for transactions and their net assets attributable to Contract Owners per unit, in accordance with IFRS.

Determination of the Fair Value of Financial Instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an ordinary transaction between market participants at the valuation date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the valuation date and there is little subjectivity in its determination. The Funds use the closing price for both financial assets and financial liabilities when this price falls within the bid-ask spread. In circumstances when the closing price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivative financial instruments, is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each valuation date.

Valuation techniques include the use of comparable recent arm's length transactions, the fair value of other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants and which make the maximum use of observable inputs. Refer to Note 7, "Financial Instruments Disclosures" for further information about the Funds' fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

Liquidity

Cash (bank overdraft) is measured at cost, which closely approximates fair value.

Money Market Securities

Money market securities are recorded at cost including accrued interest, which closely approximates fair value.

Equities and Index-Based Investments

Equity securities and index-based investments securities are recorded at the closing price of the accredited stock exchange on which the corresponding security is principally traded. Unlisted warrants are valued with a recognized valuation model, including Black & Scholes.

Bonds, Mortgage-Backed Securities and Asset-Backed Securities

Bonds, mortgage-backed securities and asset-backed securities are valued based on prices obtained from recognized securities dealers.

Investment Funds

The underlying funds' units are generally valued based on the net asset value per unit provided by the underlying fund's manager at each valuation day.

Derivative Financial Instruments

Certain Funds may use an array of derivative financial instruments such as currency forward contracts, forward contracts and standardized futures contracts for hedging purposes or purposes other than hedging, or both. The fair value of derivative financial instruments takes into account the impact of legally binding master netting agreements, if applicable. Refer to the section "Offsetting Financial Assets and Financial Liabilities" for further information about the Funds' offsetting.

Foreign Currency Forward Contracts and Forward Contracts

The fair value of these instruments corresponds to the gains or losses that would result from the contract close-out on the valuation date; this value is recorded in "Unrealized appreciation (depreciation) on derivatives" in the Statement of Financial Position.

Standardized Futures Contracts

Standardized futures contracts are valued at fair value and are settled daily through brokers acting as intermediaries. Any amounts receivable (payable) from the settlement of standardized futures contracts are recorded in "Receivable (Payable) on standardized futures contracts" in the Statement of Financial Position.

Valuation of Unlisted Securities and Other Investments

When the valuation principles of the aforementioned investments are not appropriate, fair value is determined according to the Company's best estimates, based on established valuation procedures and on prevailing market conditions on each valuation date. These procedures cover, among others, securities no longer traded, securities issued by private corporations and illiquid securities. For further information, refer to Note 3 "Critical Accounting Judgments, Estimates and Assumptions".

Investment Transactions

Investment transactions are accounted for on the trade date. Cost is determined on an average cost basis except for money market securities, for which the cost is determined using the First In First Out method. The average cost does not include amortization of premiums or discounts on fixed-income securities with the exception of stripped bonds. Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Funds are recognized in the Statement of Comprehensive Income. The difference between the unrealized appreciation (depreciation) of investments at the beginning and at the end of the year is included in "Net unrealized gain (loss) on investments" in the Statement of Comprehensive Income. On disposal of an investment, the difference between the fair value and the cost of the investment is included in "Net realized gain (loss) on investments" in the Statement of Comprehensive Income.

Securities Lending and Repurchase Transactions

Certain Funds may enter into securities lending and repurchase transactions through the securities lending program of the Funds' custodian, Desjardins Trust Inc. (Trust).

The securities loaned and repurchased are not derecognized in the Statement of Financial Position as substantially all the risks and rewards of ownership of these securities are kept.

To limit the risk that the counterparty fails to fulfill its obligations, the Funds obtain collateral, representing at least 102% of the contract amount, determined daily based on the fair value of the previous business day's securities loaned or repurchase transactions. Securities received as collateral in securities lending transactions are not recognized in the Statement of Financial Position as substantially all the risks and rewards of ownership of these securities have not been transferred to the Funds. Cash guarantees received for securities lending and repurchase transactions are recognized as financial assets in the Statement of Financial Position, in "Cash guarantee received for securities lending" or "Cash guarantee received for repurchase transactions", as appropriate. A liability representing the obligation to return the securities is recognized in "Commitments related to securities lending" or "Commitments related to repurchase transactions", as appropriate.

Trust, as the funds' custodian, may use those amounts to buy investments. Revenue generated through the Trust's securities lending program is shared by the Fund and the Trust at the rate presented in the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund. This revenue is included in "Revenue from securities lending and repurchase transactions" in the Statement of Comprehensive Income.

Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities are offset in the Statement of Financial Position for the Funds if and only if a Fund has:

- a legally enforceable and unconditional right to offset the recognized amounts and
- an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Funds have a legally enforceable and unconditional right to offset a financial asset and liability when they meet the following criteria:

- the right is enforceable in the normal course of business, and
- the right is enforceable in the event of default, insolvency or bankruptcy.

Over-the-counter derivative financial instruments, securities lending and repurchase agreements, receivable for investments sold and payable for investments purchased are subject to master netting or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position as they give a right to an offset that is enforceable only in the event of default, insolvency or bankruptcy.

Other Assets and Liabilities

Premiums receivable, receivable for investments sold, cash guarantee received for securities lending and repurchase transactions as well as interest, dividends and other receivables are classified as loans and receivables and are recorded at cost.

Similarly, accrued expenses, withdrawals payable, payable for investments purchased, commitments related to securities lending and repurchase transactions as well as interest, dividends and other payables are classified as financial liabilities and recorded at cost.

Given the short-term nature of other assets and liabilities, their carrying amount closely approximates their fair value.

Income

Interest for attribution purposes from investments in debt securities and presented in the Statement of Comprehensive Income is recognized as it is earned. The Funds do not amortize premiums paid or discounts received on the purchase of debt securities except for stripped bonds. Dividends are recognized as income on the ex-dividend date. Amounts from investments that are treated as a return of capital for income tax purposes reduce the average cost of those investments. Foreign interest and dividend income are accounted for on a gross basis and are included in the income section of the Statement of Comprehensive Income.

Distributions received from underlying funds are recorded at the date of distribution. They are included in "Distributions from underlying funds" and are presented as a separate line item in the Statement of Comprehensive Income. Previously, those amounts were split between the different types of revenues. For the purposes of presentation, the comparative information has been reclassified accordingly.

Distributions received in the form of units from underlying funds are presented as a separate line item called "Non-cash distribution from investments" in the Statement of Cash Flows. For the purposes of presentation, the comparative information has been revised accordingly.

On derivative financial instruments contract close-out, the gains and losses from financial derivative financial instruments held for hedging purposes are included in "Net realized gain (loss) on derivatives" in the Statement of Comprehensive Income. Gains and losses from derivative financial instruments held for purposes other than hedging are included in "Net income (loss) from derivatives" in the Statement of Comprehensive Income.

Foreign Currency Translation

The Funds' premiums and withdrawals are denominated in Canadian dollars. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate on each valuation date. Purchases and sales of securities, as well as income and expenses denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates.

Foreign exchange gains and losses relating to cash are presented as "Foreign exchange gain (loss) on cash" and those relating to other financial assets and liabilities are presented within "Net realized gain (loss) on investments" and "Net unrealized gain (loss) on investments" in the Statement of Comprehensive Income.

Increase (Decrease) in Net Assets per Unit from Operations Attributable to Contract Owners

The increase (decrease) in net assets per unit from operations attributable to Contract Owners, presented in the Statement of Comprehensive Income, is calculated by dividing the increase (decrease) in net assets from operations attributable to Contract Owners by the average number of units outstanding during the year.

Income Taxes

Under the *Income Tax Act* (Canada), each Fund is treated as a segregated fund trust. The Fund's income, as well as gains or losses realized, if any, are allocated to Contract Owners on a regular basis. In the case of interest that accumulates in a registered account, Contract Owners will not receive annual tax slips. However, any amount paid to Contract Owners or former Contract Owners may be subject to be taxed in their hands. On the other hand, for interest that accumulates in a non-registered account, Contract Owners will receive an annual tax slip for any income, gains or losses allocated. Under current tax laws, Funds do not pay income taxes, with the exception of foreign tax withholdings that may apply.

Before January 1, 2017, in certain circumstances, to avoid double taxation to the Contract Owners, the cost of the investments held by Funds was adjusted to properly reflect the adjusted cost base for tax purposes. After this date, the Funds only reflect the accounting based adjustments on the cost of the investments. Following an accounting system conversion in 2017, more detailed records became available to monitor the accounting and tax costs of the investments. As a result, the accounting cost of investments, being more easily determinable, will be reflected in the Financial Statements in alignment with the cost required under IFRS.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

Investments in Entities

The Funds meet the definition of IFRS 10, *Consolidated Financial Statements*, of investment entities and account for their investments in underlying funds at FVTPL.

According to IFRS 12, *Disclosure of Interests in Other Entities*, the Funds must disclose specific information on their investments in other entities, such as subsidiaries, associates and structured entities.

Subsidiaries

An entity is considered as a subsidiary when it is controlled by another entity. The Fund controls an entity when it has the right to variable returns from its involvement with the entity and through its power over the entity.

Associates

Associates are investments in entities over which the Fund exercises significant influence without, however, exercising control.

Structured Entities

Structured entities are conceived in a way that the right to vote and other similar rights are not determining factors in exercising control. The Company has determined that its investments in underlying funds, (including limited partnerships), index-based investments, mortgage-backed securities, asset-backed securities and master asset vehicles (included in the bonds category), are structured entities, unless the specified relationship is different.

Refer to the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund for more information on Investment Entities.

Accounting Standard Issued but not yet Applied

In July 2014, the International Accounting Standards Board (IASB) issued the complete and final version of IFRS 9, *Financial Instruments* (IFRS 9), which will replace IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 includes, among others, the requirements for the classification and measurement of financial assets and liabilities.

IFRS 9 sets out a new classification and measurement model for financial assets to determine whether a financial asset should be classified at amortized cost, at FVTPL or at fair value through other comprehensive income. This model is based on the contractual cash flow characteristics of the financial asset and the business model under which the financial asset is held. The valuation basis of financial assets, namely amortized cost or fair value, may need to be changed, as well as the recognition of unrealized gains and losses arising from changes in fair value. For the classification and measurement of financial liabilities, the new standard essentially carries forward the current requirements under IAS 39.

The Funds will have to adopt IFRS 9 retrospectively for annual periods beginning on or after January 1, 2018. However, the restatement of comparative periods is not mandatory as an exemption from applying the standard allows comparative periods to be presented in accordance with the previous generally accepted accounting principles (GAAP) under certain conditions. A team has been assigned to the project to highlight the following: the changes in disclosure and financial reporting as well as in systems and processes, disclosures and training. The assessment of the impacts for the Funds is finalized. There is only a change of wording versus the classification in IAS 39. There is no impact on recognition and measurement for the Funds.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the Management of the Company to use judgment in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these estimates. The following paragraphs discuss the most significant accounting judgments and estimates that the Funds have made in preparing the financial statements.

Fair Value Measurement of Derivative Financial Instruments and Securities not Quoted in an Active Market

The Funds may hold financial instruments that are not quoted in active markets, including derivative financial instruments. Fair value is determined based on models that make maximum use of observable inputs and rely as little as possible on unobservable inputs. The Funds consider the data observable if market data is readily available, distributed or updated on a regular basis, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Company.

When no quoted prices are available, the fair value is estimated using present value or other valuation methods, which are influenced by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates, which reflect varying degrees of risk, including liquidity risk, credit risk, risks related to interest rates, exchange rates, and price and rate volatility.

The calculation of the fair values may differ given the role that judgment plays in applying the valuation techniques and the acceptable estimation. Fair value reflects market conditions at a given date and, for this reason, it may not be representative of future fair values. Refer to Note 7, "Financial Instruments Disclosures" for further information on fair value measurement of financial instruments.

Classification and Measurement of Investments and Application of the Fair Value Option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgments about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39. The most significant judgment lies in determining if certain investments are held-for-trading, and if the fair value option can be applied to those which are not. For further information on financial instruments, refer to Note 2, "Basis of Presentation".

4. NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS

Structure of the Funds and the Units attributed

The Funds are wholly owned assets of Desjardins Financial Security, which have been segregated from the Company's other assets. Except for instances where the Company has acquired an interest in a Fund, the Funds' assets may only be used to pay benefits under the Contracts.

Each Fund has a series of units, which are attributed to Contracts for the purpose of determining the value of benefits to the units attributable to those Contracts. A Contract Owner acquires no direct claim on the units or assets of a Fund by purchasing a Contract but only the benefits that are provided under the Contract.

Units within the same series of Funds have the same net asset value per unit. Subject to the Company's administrative rules, Contract Owners have the right to make transactions under their Contracts such as premiums, withdrawals and switches between units of Funds. As a result of these transactions, units are attributed to and withdrawn from the Contract based on each Contract's terms and conditions or as provided by law. Since the Contract Owner does not own units of a Fund, ownership of units cannot be sold or transferred to another party. There are no voting rights associated with the units of the Fund.

Classification of Units Attributable to Contract Owners

The Funds' outstanding units qualify as "puttable instruments" as required by the IAS 32; *Financial Instruments: Presentation* (IAS 32). IAS 32 states that units that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as financial liabilities. The Funds issue different series of units attributable to Contract Owners that are equally subordinated but have different features.

In addition, the Funds have a contractual obligation to distribute annually any taxable income that allows the Contract Owners to request cash payment for any distributions or dividends declared. These features violate criteria that are required in order for the units to be presented as equity under IAS 32. Consequently, the Funds' outstanding units are classified as financial liabilities in these financial statements.

Valuation of the Units

The units of a Fund are valued according to the administrative rules established by the Company and in accordance with the Contract and all laws and regulations applicable to the Funds.

These units differ with respect to redemption charges and management fees charged to each series (See Note 5). The net asset value per unit is determined on each market day by dividing the net assets attributable to Contract Owners by its outstanding units.

Series of Units available

The Desjardins Financial Security Guaranteed Investment Funds Plan, the Millennia III Plan, and the Imperial Growth Plan, as well as the various Contract versions offered under each of these Plans, offers different Series providing different guarantees and provisions as well as varying Management Expense Ratios (MERs).

Series IGP: This Series was offered under the Imperial Growth Plan through the three remaining Contracts (C71, C81, and C88). The Imperial Growth Plan was offered pre-1995.

Series 1: This Series was offered under the Millennia III Plan through two different Contracts: the Millennia III and Millennia III — New Era Contracts. The Millennia III Plan was offered from November 15, 1995 to October 28, 2007.

Series 3: This Series was offered under the Millennia III Plan through two different Contracts: the Millennia III — Classic and Millennia III — New Era Contracts. The Millennia III Plan was offered from November 15, 1995 to October 28, 2007.

Series 5: This Series was offered under the Desjardins Financial Security Guaranteed Investment Funds Plan through the Helios Contract. The Desjardins Financial Security Guaranteed Investment Funds Plan was first offered starting on October 29, 2007 and currently, the only Contract available is the Helios2 Contract.

Series 6: This Series was offered under the Desjardins Financial Security Guaranteed Investment Funds Plan through the Helios2 Contract. The Desjardins Financial Security Guaranteed Investment Funds Plan was first offered starting on October 29, 2007 and currently, the only Contract available is the Helios2 Contract.

Series 7: This Series was offered under the Desjardins Financial Security Guaranteed Investment Funds Plan through the Helios2 Contract. The Desjardins Financial Security Guaranteed Investment Funds Plan was first offered starting on October 29, 2007 and currently, the only Contract available is the Helios2 Contract.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

Number of Units

The number of units outstanding in each Fund as at December 31, 2017 and 2016, and the number of units attributed to and withdrawn from Contracts during the years are as follows:

	Outstanding Units		Attributed Units		Withdrawn Units	
	2017	2016	2017	2016	2017	2016
INVESTMENT SOLUTIONS						
Conservative						
Series 5	783,121	183,305	658,922	215,110	59,106	45,202
Series 6	2,677,336	2,225,539	936,737	1,415,148	484,940	552,144
Series 7	423,093	295,034	280,515	369,268	152,456	312,634
Moderate						
Series 5	187,580	128,260	88,929	133,194	29,609	24,420
Series 6	4,905,123	4,108,123	1,477,257	2,268,131	680,257	562,141
Series 7	1,096,887	756,324	551,879	628,007	211,316	86,386
Balanced						
Series 5	562,066	132,469	502,923	120,529	73,326	774
Series 6	11,402,746	8,542,921	3,755,961	4,235,287	896,136	540,493
Series 7	1,771,478	1,237,946	941,548	344,994	408,016	114,895
Growth						
Series 5	1,812,464	760,517	1,230,384	831,433	178,437	87,223
Series 6	7,641,847	5,822,595	2,600,881	3,137,859	781,629	630,334
Series 7	1,218,159	734,846	862,226	645,550	378,913	91,722
Maximum Growth						
Series 5	38,712	24,483	14,454	26,354	225	2,267
Series 6	671,299	420,858	284,402	164,889	33,961	87,721
Series 7	207,182	79,759	128,029	75,905	606	—
INDIVIDUAL FUNDS						
Income						
Money Market						
Series 1	67,717	58,891	30,371	8,321	21,545	17,984
Series 3	302,230	344,552	92,844	140,201	135,166	283,829
Series 5	2,286,524	2,786,782	697,085	1,170,328	1,197,343	1,382,835
Series 6	2,464,672	2,136,504	2,206,454	2,179,282	1,878,286	1,740,976
Series 7	358,310	490,651	769,526	672,592	901,867	344,151
Series IGP	136,523	148,910	4,623	33,120	17,010	55,554
Income – Fiera Capital						
Series 1	130,781	196,001	12,672	9,540	77,892	69,125
Series 3	716,453	873,227	28,492	55,756	185,266	251,475
Series 5	5,627,367	6,829,023	426,245	731,495	1,627,901	1,667,152
Series 6	1,812,537	1,803,271	549,190	937,616	539,924	230,394
Series 7	336,008	209,174	161,202	250,007	34,368	95,244
Canadian Bond						
Series 5	5,950,545	6,828,827	759,237	747,537	1,637,519	1,544,801
Series 6	1,300,204	1,076,426	446,503	752,213	222,725	181,600
Series 7	68,033	33,502	49,562	2,663	15,031	121
Balanced and Asset Allocation						
Diversified Income – Franklin Quotential						
Series 3	681,531	773,659	48,439	159,528	140,567	263,428
Series 5	18,593,785	21,423,908	1,801,921	2,066,494	4,632,044	3,833,182
Series 6	5,979,612	5,800,954	1,347,787	2,469,131	1,169,129	614,880
Series 7	1,104,512	697,375	482,181	235,433	75,044	34,732
Balanced Income – Franklin Quotential						
Series 3	1,163,572	1,286,827	40,493	131,261	163,748	322,604
Series 5	28,525,368	31,189,042	2,532,591	2,670,090	5,196,265	4,862,786
Series 6	4,726,541	4,288,524	1,113,669	1,832,387	675,652	524,778
Series 7	890,630	864,960	69,485	223,700	43,815	375,093

	Outstanding Units		Attributed Units		Withdrawn Units	
	2017	2016	2017	2016	2017	2016
Canadian Balanced – Fidelity						
Series 3	1,037,729	1,173,069	122,505	249,823	257,845	282,932
Series 5	76,652,067	85,994,696	7,637,087	9,190,958	16,979,716	14,612,319
Series 6	7,277,314	6,218,135	2,276,635	2,401,845	1,217,456	919,687
Series 7	740,516	301,726	518,757	164,025	79,967	96,006
U.S. Monthly Income – Fidelity						
Series 5	544,995	534,960	228,778	507,465	218,743	98,132
Series 6	1,566,095	1,012,639	762,246	773,096	208,790	88,550
Series 7	421,497	118,603	324,237	127,530	21,343	54,403
Balanced – Desjardins SocieTerra						
Series 5	1,342,256	1,371,478	213,636	179,534	242,858	196,678
Series 6	1,914,617	1,373,583	700,931	1,284,302	159,897	134,339
Series 7	869,435	264,048	640,290	268,491	34,903	8,489
Global Balanced – Jarislowsky Fraser						
Series 3	1,037,715	1,136,796	110,858	162,578	209,939	261,714
Series 5	21,042,182	22,370,171	2,494,727	4,661,446	3,822,716	4,542,763
Series 6	9,421,578	6,145,340	4,121,312	5,183,768	845,074	591,269
Series 7	1,702,416	823,648	942,365	787,610	63,597	80,952
Canadian Balanced – Fiera Capital						
Series 1	621,952	719,420	34,804	27,268	132,272	117,172
Series 3	1,100,802	1,288,779	52,318	52,678	240,295	315,047
Series 5	11,608,392	12,639,284	1,051,849	1,100,927	2,082,741	2,304,323
Series 6	2,861,073	2,282,707	858,756	1,064,871	280,390	182,916
Series 7	218,749	156,066	111,572	59,443	48,889	2,333
Canadian Balanced – Franklin Bissett						
Series 3	733,451	826,113	85,211	94,285	177,873	278,156
Series 5	19,727,769	21,091,996	2,260,521	1,865,375	3,624,748	3,888,210
Series 6	8,551,085	6,591,171	2,842,656	2,400,042	882,742	773,421
Series 7	804,985	631,723	281,255	192,536	107,993	61,771
Balanced Growth – Franklin Quotential						
Series 3	1,573,294	1,820,823	38,490	166,914	286,019	382,567
Series 5	66,604,183	72,243,781	5,359,374	6,365,859	10,998,972	11,691,359
Series 6	6,675,014	5,896,446	1,473,172	2,330,105	694,604	696,538
Series 7	790,586	734,025	67,645	290,166	11,084	80,014
Canadian Balanced – CI Signature						
Series 5	12,966,420	12,050,504	3,124,278	1,101,281	2,208,362	2,082,471
Series 6	5,785,537	4,914,035	1,376,625	1,445,683	505,123	735,706
Series 7	597,655	425,233	232,223	171,732	59,801	85,685
Income and Growth – CI Signature						
Series 5	6,219,651	6,159,138	1,648,376	678,868	1,587,863	2,077,811
Series 6	6,905,715	5,549,406	2,064,212	2,209,526	707,903	909,669
Series 7	1,071,988	350,144	755,724	210,253	33,880	53,261
Growth and Income – NEI Northwest						
Series 3	297,517	321,805	68,748	35,623	93,036	111,848
Series 5	20,722,099	21,971,082	2,824,416	3,118,142	4,073,399	3,862,341
Series 6	5,758,213	3,488,121	2,707,050	1,494,126	436,958	395,827
Series 7	596,903	252,511	376,488	119,959	32,096	3,425
Global Growth – NEI Select						
Series 3	436,559	480,868	27,351	13,697	71,660	87,705
Series 5	8,754,548	8,682,507	1,623,523	1,261,749	1,551,482	1,440,950
Series 6	4,402,876	2,954,214	1,766,439	1,477,165	317,777	456,812
Series 7	875,724	339,013	557,200	176,468	20,489	17,139
Canadian Asset Allocation – CI Cambridge						
Series 5	821,183	856,329	160,485	117,544	195,631	127,203
Series 6	1,419,163	1,190,156	451,435	506,711	222,428	133,695
Series 7	313,804	75,235	256,278	99,374	17,709	60,870

NOTES TO THE FINANCIAL STATEMENTS (cont.)

	Outstanding Units		Attributed Units		Withdrawn Units	
	2017	2016	2017	2016	2017	2016
Growth – Franklin Quotential						
Series 3	372,693	395,965	10,688	48,898	33,960	70,522
Series 5	7,700,934	8,229,743	384,725	313,682	913,534	1,101,846
Series 6	639,916	559,251	144,471	154,437	63,806	92,381
Series 7	12,178	7,258	4,943	—	23	24
Canadian Equity						
Dividend Income – Franklin Bissett						
Series 3	2,750,385	3,152,141	140,098	146,126	541,854	734,858
Series 5	10,846,015	11,989,330	611,397	521,960	1,754,712	2,233,531
Series 6	1,806,816	1,438,617	642,943	388,611	274,744	177,861
Series 7	203,140	106,441	104,277	23,287	7,578	10,671
Canadian Dividend – NEI Northwest						
Series 5	2,239,603	2,363,941	428,230	320,105	552,568	381,279
Series 6	840,485	613,456	301,676	314,933	74,647	108,602
Series 7	45,698	20,389	30,588	16,565	5,279	40
Canadian Equity – Jarislowsky Fraser						
Series 3	446,859	525,503	47,056	18,364	125,700	165,679
Series 5	17,264,506	19,010,823	589,293	549,242	2,335,610	2,839,297
Series 6	309,847	157,756	175,355	141,355	23,264	2,642
Series 7	84,684	6,347	78,968	2,347	631	—
Canadian Equity – Fidelity True North®						
Series 3	121,508	130,305	24,212	39,133	33,009	31,934
Series 5	1,812,755	1,982,460	385,092	339,315	554,797	508,150
Series 6	2,260,801	1,762,367	792,538	791,335	294,104	207,295
Series 7	189,918	144,347	103,802	27,986	58,231	68,139
Canadian Equity – Franklin Bissett						
Series 1	2,693,418	3,140,265	52,785	3,187,394	499,632	47,129
Series 3	1,856,414	2,126,841	110,110	991,347	380,537	293,591
Series 5	1,229,929	1,290,202	219,681	448,310	279,954	240,197
Series 6	846,541	789,520	255,373	412,874	198,352	129,443
Series 7	42,827	32,538	46,452	28,944	36,163	3,699
Series IGP	264,015	275,089	1,523	278,342	12,597	3,253
Specialty Equity – NEI Northwest						
Series 3	407,075	490,284	16,641	23,573	99,850	104,033
Series 5	1,597,670	1,777,315	273,901	255,755	453,546	426,081
Series 6	366,641	295,281	98,857	112,096	27,497	81,143
Series 7	5,522	4,054	1,468	—	—	—
Small Cap – Franklin Bissett						
Series 3	362,866	419,060	10,690	22,187	66,884	90,461
Series 5	464,772	504,184	68,055	79,697	107,467	140,481
Series 6	629,297	570,922	216,096	257,189	157,721	82,268
Series 7	54,018	6,921	56,735	76	9,638	158
Foreign Equity						
American Equity – MFS						
Series 3	511,659	583,110	60,563	61,838	132,014	165,360
Series 5	1,467,265	1,495,810	372,099	338,882	400,644	379,266
Series 6	1,400,393	937,829	659,323	380,331	196,759	162,449
Series 7	74,510	23,598	56,233	11,264	5,321	9,895
American Equity Value – Desjardins						
Series 1	349,804	337,351	43,787	10,662	31,334	43,803
Series 3	308,365	358,641	47,593	61,263	97,869	103,769
Series 5	1,206,084	1,255,338	218,825	318,215	268,079	413,462
Series 6	1,034,001	865,487	292,249	339,233	123,735	155,248
Series 7	68,711	38,937	57,924	15,020	28,150	56,822

	Outstanding Units		Attributed Units		Withdrawn Units	
	2017	2016	2017	2016	2017	2016
Global Dividend – Desjardins						
Series 5	1,015,097	1,103,658	163,005	235,868	251,566	236,752
Series 6	2,262,361	1,721,134	767,542	1,016,603	226,315	269,320
Series 7	387,868	146,153	253,927	141,505	12,212	64,094
Global Equity – MFS						
Series 3	641,189	644,982	138,268	97,508	142,061	147,425
Series 5	10,175,324	11,013,684	502,326	391,526	1,340,686	1,804,125
Series 6	516,396	328,119	269,900	115,312	81,623	35,574
Series 7	56,249	29,778	30,101	25,877	3,630	39
International Equity – MFS						
Series 1	298,159	267,901	70,449	8,598	40,191	89,760
Series 3	572,041	657,646	54,827	43,163	140,432	162,766
Series 5	537,466	540,118	93,726	77,419	96,378	121,015
Series 6	264,305	153,698	156,302	51,419	45,695	52,738
Series 7	30,556	35,573	24,966	10,051	29,983	10
International Equity Growth – Desjardins						
Series 5	225,079	175,373	69,657	25,466	19,951	45,329
Series 6	461,927	221,349	287,666	107,853	47,088	55,656
Series 7	72,943	4,150	72,361	—	3,568	—

5. MANAGEMENT FEES AND OTHER EXPENSES

Management fees

In return for investment management, Desjardins Financial Security is paid a management fee from the Funds based on the net asset value of the units attributed to each series of each Fund and calculated daily.

The management fees, as a percentage of the daily average net assets, are as follows:

	Series 1	Series 3	Series 5	Series 6	Series 7	Series IGP
	%	%	%	%	%	%
INVESTMENT SOLUTIONS						
Conservative	—	—	2.05	1.95	1.50	—
Moderate	—	—	2.05	2.00	1.55	—
Balanced	—	—	2.10	2.00	1.55	—
Growth	—	—	2.15	2.05	1.60	—
Maximum Growth	—	—	2.15	2.05	1.60	—
INDIVIDUAL FUNDS						
Income						
Money Market	0.75	0.75	0.75	0.80	0.35	1.30
Income – Fiera Capital	1.50	1.38	1.09	1.35	0.90	—
Canadian Bond	—	—	1.09	1.35	0.90	—
Balanced and Asset Allocation						
Diversified Income –						
Franklin Quotential	—	1.90	1.96	2.20	1.75	—
Balanced Income –						
Franklin Quotential	—	1.90	1.96	2.15	1.70	—
Canadian Balanced – Fidelity	—	2.02	2.02	2.20	1.75	—
U.S. Monthly Income – Fidelity	—	—	2.40	2.30	1.85	—
Balanced – Desjardins SocieTerra	—	—	1.88	2.15	1.70	—
Global Balanced – Jarislowsky Fraser	—	2.10	1.69	2.10	1.65	—
Canadian Balanced – Fiera Capital	2.00	1.65	1.68	2.00	1.55	—
Canadian Balanced – Franklin Bissett	—	1.95	1.75	2.00	1.55	—
Balanced Growth –						
Franklin Quotential	—	1.90	1.96	2.15	1.70	—
Canadian Balanced – CI Signature	—	—	1.89	2.15	1.70	—
Income and Growth – CI Signature	—	—	2.20	2.20	1.75	—
Growth and Income – NEI Northwest	—	2.22	2.03	2.20	1.75	—
Global Growth – NEI Select	—	2.33	2.10	2.30	1.85	—
Canadian Asset Allocation –						
CI Cambridge	—	—	2.20	2.05	1.60	—
Growth – Franklin Quotential	—	2.15	2.21	2.20	1.75	—

NOTES TO THE FINANCIAL STATEMENTS (cont.)

	Series 1	Series 3	Series 5	Series 6	Series 7	Series IGP
	%	%	%	%	%	%
Canadian Equity						
Dividend Income – Franklin Bissett	—	2.06	1.75	2.15	1.70	—
Canadian Dividend – NEI Northwest	—	—	2.20	2.15	1.70	—
Canadian Equity – Jarislowsky Fraser	—	2.15	1.69	2.10	1.65	—
Canadian Equity – Fidelity True North®	—	2.02	2.02	2.25	1.80	—
Canadian Equity – Franklin Bissett	2.75	2.18	1.75	2.10	1.65	1.95
Specialty Equity – NEI Northwest	—	2.35	2.16	2.40	1.95	—
Small Cap – Franklin Bissett	—	2.25	2.01	2.40	1.95	—
Foreign Equity						
American Equity – MFS	—	2.25	1.71	2.15	1.70	—
American Equity Value – Desjardins	2.00	1.69	2.06	2.10	1.65	—
Global Dividend – Desjardins	—	—	2.20	2.20	1.75	—
Global Equity – MFS	—	1.78	1.78	2.25	1.80	—
International Equity – MFS	2.00	1.95	1.69	2.25	1.80	—
International Equity Growth – Desjardins	—	—	2.20	2.20	1.75	—

Operating expenses

In addition to management fees, a charge is applied to each Fund for operating and administrative expenses relating to the Fund. Each Fund is also responsible for all applicable taxes, including Goods and Services Tax (GST) and Harmonized Sales Tax (HST) if any, and all brokerage commissions incurred by a Fund in buying and selling investments on behalf of a Fund.

Management Expense Ratios

Some expenses (audit fees, legal fees, custodial fees, marketing costs, etc.) have been absorbed by the Company. Management expense ratios for all the Funds would be seven basis points higher if these expenses had been charged to the Funds. The Company does not intend to change its method of allocating costs.

The management expense ratios for each of the past five years, which includes management, guarantee, operating expenses and taxes are as follows:

	December 31 2017 %	December 31 2016 %	December 31 2015 %	December 31 2014 %	December 31 2013 %
INVESTMENT SOLUTIONS					
Conservative**					
Series 5	2.59	2.59	2.59*	—	—
Series 6	2.47	2.47	2.49	2.51*	—
Series 7	1.91	1.88	2.01	2.01*	—
Moderate**					
Series 5	2.67	2.70	2.64*	—	—
Series 6	2.50	2.49	2.51	2.54*	—
Series 7	1.95	1.90	1.90	2.07*	—
Balanced**					
Series 5	2.73	2.76	2.70*	—	—
Series 6	2.56	2.54	2.57	2.57*	—
Series 7	2.07	2.08	2.13	2.13*	—
Growth**					
Series 5	2.78	2.82	2.76*	—	—
Series 6	2.58	2.59	2.68	2.68*	—
Series 7	2.07	2.10	2.18	2.18*	—
Maximum Growth**					
Series 5	2.76	2.87	2.81*	—	—
Series 6	2.70	2.67	2.71	2.71*	—
Series 7	2.24	2.24	2.24	2.24*	—

	December 31 2017 %	December 31 2016 %	December 31 2015 %	December 31 2014 %	December 31 2013 %
INDIVIDUAL FUNDS					
Income					
Money Market**					
Series 1	1.72	1.72	1.72	1.72	1.72
Series 3	1.73	1.71	1.72	1.73	1.72
Series 5	1.38	1.38	1.39	1.39	1.40
Series 6	1.13	1.12	1.10	1.11*	—
Series 7	0.58	0.61	0.63	0.63*	—
Series IGP	1.65	1.66	1.66	1.67*	—
Income – Fiera Capital					
Series 1	2.95	2.93	2.93	2.94	2.93
Series 3	2.61	2.61	2.61	2.62	2.61
Series 5	1.96	1.96	1.96	1.96	1.95
Series 6	1.78	1.77	1.79	1.80*	—
Series 7	1.20	1.22	1.31	1.32*	—
Canadian Bond**					
Series 5	1.96	1.96	1.96*	—	—
Series 6	1.78	1.77	1.75*	—	—
Series 7	1.22	1.22	1.32*	—	—
Balanced and Asset Allocation					
Diversified Income – Franklin Quotential					
Series 3	3.14	3.14	3.13	3.14	3.15
Series 5	2.91	2.91	2.92	2.92	2.92
Series 6	2.70	2.71	2.68	2.72*	—
Series 7	2.18	2.20	2.27	2.30*	—
Balanced Income – Franklin Quotential					
Series 3	3.20	3.20	3.20	3.20	3.20
Series 5	2.95	2.95	2.95	2.95	2.94
Series 6	2.75	2.76	2.75	2.74*	—
Series 7	2.28	2.30	2.30	2.30*	—
Canadian Balanced – Fidelity					
Series 3	3.38	3.39	3.41	3.41	3.40
Series 5	2.96	2.96	2.96	2.96	2.96
Series 6	2.81	2.81	2.82	2.83*	—
Series 7	2.28	2.28	2.34	2.36*	—
U.S. Monthly Income — Fidelity					
Series 5	2.97	3.10	3.04*	—	—
Series 6	2.89	2.99	2.93*	—	—
Series 7	2.39	2.47	2.42*	—	—
Balanced — Desjardins SocieTerra					
Series 5	2.81	2.81	2.81*	—	—
Series 6	2.70	2.76	2.74*	—	—
Series 7	2.11	2.30	2.30*	—	—
Global Balanced – Jarislowsky Fraser					
Series 3	3.37	3.39	3.40	3.40	3.40
Series 5	2.85	2.85	2.85	2.86	2.86
Series 6	2.68	2.63	2.59*	—	—
Series 7	2.18	2.24	2.24*	—	—

NOTES TO THE FINANCIAL STATEMENTS (cont.)

	December 31 2017 %	December 31 2016 %	December 31 2015 %	December 31 2014 %	December 31 2013 %
Canadian Balanced – Fiera Capital**					
Series 1	3.83	3.83	3.83	3.82	3.82
Series 3	3.18	3.19	3.20	3.19	3.19
Series 5	2.55	2.55	2.55	2.55	2.55
Series 6	2.57	2.57	2.59	2.60*	—
Series 7	2.08	2.08	2.12	2.13*	—
Canadian Balanced – Franklin Bissett					
Series 3	3.18	3.18	3.17	3.19	3.18
Series 5	2.77	2.77	2.77	2.77	2.77
Series 6	2.61	2.60	2.59	2.61*	—
Series 7	2.11	2.11	2.10	2.00*	—
Balanced Growth – Franklin Quotential					
Series 3	3.26	3.26	3.27	3.27	3.29
Series 5	2.97	2.97	2.97	2.97	2.97
Series 6	2.79	2.80	2.79	2.80*	—
Series 7	2.29	2.34	2.36	2.36*	—
Canadian Balanced – CI Signature					
Series 5	2.99	2.99	2.99	2.99	2.99
Series 6	2.78	2.79	2.78	2.77*	—
Series 7	2.28	2.29	2.34	2.36*	—
Income and Growth – CI Signature					
Series 5	3.04	3.05	3.05	3.07	3.07
Series 6	2.89	2.90	2.85	2.84*	—
Series 7	2.36	2.36	2.32	2.47*	—
Growth and Income – NEI Northwest					
Series 3	3.63	3.64	3.64	3.64	3.64
Series 5	2.94	2.94	2.94	2.94	2.94
Series 6	2.84	2.85	2.87	2.86*	—
Series 7	2.29	2.30	2.41	2.41*	—
Global Growth – NEI Select					
Series 3	3.83	3.85	3.85	3.85	3.86
Series 5	3.13	3.13	3.12	3.12	3.12
Series 6	2.99	2.98	2.98	3.02*	—
Series 7	2.46	2.40	2.59	2.59*	—
Canadian Asset Allocation – CI Cambridge					
Series 5	2.89	2.90	2.89	2.91	2.95
Series 6	2.70	2.70	2.68	2.69*	—
Series 7	2.21	2.19	2.30	2.30*	—
Growth – Franklin Quotential					
Series 3	3.60	3.61	3.61	3.62	3.61
Series 5	3.22	3.22	3.22	3.21	3.21
Series 6	2.89	2.89	2.92	2.93*	—
Series 7	2.45	2.45	2.47	2.47*	—
Canadian Equity					
Dividend Income – Franklin Bissett					
Series 3	3.39	3.40	3.39	3.39	3.39
Series 5	2.93	2.93	2.93	2.94	2.94
Series 6	2.71	2.70	2.70	2.72*	—
Series 7	2.19	2.17	2.13	2.10*	—
Canadian Dividend – NEI Northwest					
Series 5	3.07	3.08	3.08	3.08	3.09
Series 6	2.88	2.87	2.85	2.90*	—
Series 7	2.39	2.41	2.41	2.41*	—

	December 31 2017 %	December 31 2016 %	December 31 2015 %	December 31 2014 %	December 31 2013 %
Canadian Equity – Jarislowsky Fraser					
Series 3	3.60	3.59	3.58	3.59	3.59
Series 5	2.92	2.92	2.91	2.92	2.91
Series 6	2.82	2.93	2.87*	—	—
Series 7	2.41	2.41	2.36*	—	—
Canadian Equity – Fidelity True North®					
Series 3	3.57	3.56	3.59	3.62	3.62
Series 5	3.20	3.20	3.20	3.21	3.20
Series 6	3.03	3.04	3.05	3.04*	—
Series 7	2.48	2.46	2.58	2.59*	—
Canadian Equity – Franklin Bissett					
Series 1	3.97	3.98*	—	—	—
Series 3	3.58	3.59	3.59	3.59	3.59
Series 5	2.97	2.97	2.97	2.98	2.98
Series 6	2.80	2.80	2.79	2.83*	—
Series 7	2.41	2.41	2.41	2.41*	—
Series IGP	2.39	2.38*	—	—	—
Specialty Equity – NEI Northwest					
Series 3	3.82	3.82	3.83	3.83	3.83
Series 5	3.28	3.28	3.27	3.28	3.29
Series 6	3.24	3.21	3.21	3.24*	—
Series 7	2.76	2.76	2.76	2.76*	—
Small Cap – Franklin Bissett					
Series 3	3.76	3.76	3.74	3.75	3.75
Series 5	3.14	3.14	3.13	3.13	3.13
Series 6	3.14	3.14	3.12	3.15*	—
Series 7	2.74	2.74	2.56	2.76*	—
Foreign Equity					
American Equity – MFS**					
Series 3	3.74	3.75	3.76	3.77	3.76
Series 5	2.93	2.93	2.93	2.94	2.97
Series 6	2.88	2.87	2.88	2.87*	—
Series 7	2.44	2.44	2.47	2.47*	—
American Equity Value – Desjardins					
Series 1	3.82	3.82	3.81	3.82	3.82
Series 3	3.21	3.22	3.23	3.24	3.24
Series 5	3.06	3.05	3.06	3.07	3.08
Series 6	2.84	2.83	2.79	2.76*	—
Series 7	2.38	2.27	2.25	2.41*	—
Global Dividend – Desjardins					
Series 5	2.80	2.80	2.79	2.78	2.90
Series 6	2.89	2.87	2.83	2.86*	—
Series 7	2.37	2.34	2.47	2.47*	—
Global Equity – MFS**					
Series 3	3.37	3.36	3.39	3.39	3.47
Series 5	2.90	2.92	2.92	2.92	2.92
Series 6	2.94	2.93	2.95	3.00*	—
Series 7	2.46	2.53	2.53	2.53*	—
International Equity – MFS**					
Series 1	3.83	3.82	3.83	3.85	3.85
Series 3	3.65	3.65	3.64	3.65	3.65
Series 5	2.75	2.75	2.76	2.76	2.77
Series 6	3.02	3.01	3.05	3.03*	—
Series 7	2.55	2.55	2.59	2.59*	—

NOTES TO THE FINANCIAL STATEMENTS (cont.)

	December 31 2017 %	December 31 2016 %	December 31 2015 %	December 31 2014 %	December 31 2013 %
International Equity Growth – Desjardins					
Series 5	3.10	3.10	3.11	3.10	3.22
Series 6	2.94	2.93	2.92	2.94*	—
Series 7	2.53	2.53	2.53	2.53*	—

* Annualized.

** The management expense ratios for these Funds include underlying fund managers' fees, ranging from 0.01 to 0.04%.

6. RELATED PARTY TRANSACTIONS

The Funds pay management fees and operating expenses to the Company, which are presented in the Statement of Comprehensive Income. Those fees are calculated on a daily basis with the net asset value of the Fund. The management fees are paid monthly at the annual rate specified in Note 5. Accrued expenses, presented in the Statement of Financial Position, are to be paid to the Company.

Some Funds have investments in underlying funds from related parties.

As at December 31, 2017 and 2016, the Company had the following seed capital investments:

	December 31, 2017 \$	December 31, 2016 \$
Conservative	147,372	143,646
Moderate	180,833	173,479
Balanced	216,595	204,025
Growth	256,071	237,492
Maximum Growth	295,875	270,102
Money Market	83,529	83,075
Income – Fiera Capital	22,345	22,000
Canadian Bond	21,861	21,589
Diversified Income – Franklin Quotential	22,914	22,170
Balanced Income – Franklin Quotential	23,700	22,656
Canadian Balanced – Fidelity	24,583	23,496
U.S. Monthly Income – Fidelity	466,480	466,822
Balanced – Desjardins SocieTerra	147,989	142,727
Global Balanced – Jarislowsky Fraser	83,066	79,581
Canadian Balanced – Fiera Capital	24,939	23,668
Canadian Balanced – Franklin Bissett	133,833	128,864
Balanced Growth – Franklin Quotential	24,313	22,914
Canadian Balanced – CI Signature	250,499	230,310
Income and Growth – CI Signature	238,629	218,302
Growth and Income – NEI Northwest	71,406	65,489
Global Growth – NEI Select	26,347	24,083
Canadian Asset Allocation – CI Cambridge	244,823	240,824
Growth – Franklin Quotential	24,969	23,224
Dividend Income – Franklin Bissett	45,263	43,674
Canadian Dividend – NEI Northwest	275,584	269,361
Canadian Equity – Jarislowsky Fraser	24,810	23,874
Canadian Equity – Fidelity True North®	150,651	145,294
Canadian Equity – Franklin Bissett	70,153	67,325
Specialty Equity – NEI Northwest	300,697	287,713
Small Cap – Franklin Bissett	19,817	20,220
American Equity – MFS	31,817	28,065
American Equity Value – Desjardins	907,614	879,208
Global Dividend – Desjardins	293,981	274,376
Global Equity – MFS	281,999	245,840
International Equity – MFS	27,406	23,218
International Equity Growth – Desjardins	335,577	251,082

The related parties transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. FINANCIAL INSTRUMENTS DISCLOSURES

DFS Preliminary Information

The net assets of the DFS Guaranteed Investment Funds are held by the Company on behalf of all Contract Owners. These Funds are not separate legal entities. The Contract Owners do not own any of the assets of the Funds nor own an interest in the Funds. However, the financial instrument risks resulting from the Funds are assumed by the Contract Owners. The value of the segregated funds' value may increase or decrease according to market fluctuations.

Moreover, the Funds are offered with a deposit guarantee of 75 to 100% that protects the deposits until specific maturity dates.

For the Funds of funds, details regarding the top holdings of the underlying fund(s) are shown in the appendix of the schedule of investment portfolio.

Hierarchy of Financial Instruments at Fair Value

The fair value measurement of financial instruments is determined using the following three levels of the fair value hierarchy:

- Level 1 – Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques based primarily on observable market data;
- Level 3 – Valuation techniques not based primarily on observable market data.

If inputs of different levels are used to measure the fair value of an asset or liability, the classification within the hierarchy is based on the lowest level input that is significant to the measurement of fair value.

Measurement Monitoring

The Company is responsible for establishing the fair value measurements included in the Funds' financial statements, including Level 3 measurements. The Company obtains prices from a pricing agency, monitors and analyzes these prices on a daily basis. A Measurement Monitoring Committee established by the Company ensures that appropriate operating procedures and a proper monitoring structure are in place and followed. Monthly monitoring reports are prepared and sent to each member for approval. The Measurement Monitoring Committee verifies the measurements on a monthly basis. On a quarterly basis, this committee examines and approves the Level 3 measurements after obtaining confirmation of the measurements from each portfolio manager, as needed. The committee signs off on any adjustments made to prices or estimates provided by the pricing agency.

Establishment of Levels

A change in the fair value measurement method could result in a transfer between levels. The Funds' policy is to record the implications of transfers between levels on the date of the event or change in circumstances behind the transfer.

The following types of investments may be classified Level 3 if their prices are no longer based on observable inputs.

a) Money Market Securities

Money market securities primarily include public sector and corporate securities. The inputs that are significant to valuation are generally observable. Public sector money market securities guaranteed by the federal and provincial government have been classified as Level 1. Other money market securities have been classified as Level 2.

b) Equities

Equities are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the fair value is classified as Level 3. Unlisted warrants are generally classified as Level 2.

c) Index-Based Investments

Index-based investments are classified as Level 1 when the security is actively traded and a reliable price is observable.

d) Bonds

Public sector bonds guaranteed by the federal or provincial government are classified as Level 1. Corporate bonds, which are valued using models with inputs including interest rate curves, credit spreads and volatilities are usually classified as Level 2.

e) Mortgage-Backed Securities and Asset-Backed Securities

Mortgage-backed securities and asset-backed securities consist primarily of corporate securities, which are valued using models with inputs including interest rate curves, credit spreads and volatilities. Since the inputs that are significant to valuation are generally observable, mortgage-backed securities and asset-backed securities are usually classified as Level 2.

f) Investment Funds

Public investment funds are classified as Level 1 when their prospectus is unrestricted and their price is reliable and observable. Since some investment funds are not public, their price is determined using observable market data and fair value is classified as Level 2, unless the measurement of fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

g) Derivative Financial Instruments

Derivative financial instruments consist of foreign currency forward contracts for which counterparty credit spreads are observable and reliable or for which the credit-related inputs are determined to be significant to fair value, are classified as Level 2.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

Detailed information concerning the fair value hierarchy of each Fund is available in their respective Notes to the Financial Statements – Specific Information. For securities classified as Level 3, the valuation techniques and assumptions are also presented in their respective notes.

Management of Risks Arising from Financial Instruments

During the course of their activities, the Funds are exposed to a variety of risks associated with financial instruments such as market risk (including currency risk, interest rate risk and price risk), concentration risk, credit risk and liquidity risk. The overall strategy of the Funds' risk management focuses on the unpredictability of financial markets and optimizes the Funds' financial performance. Most investments involve a risk of loss.

For the purpose of the financial statements, certain risks detailed in the Contract and Information Folder are associated with other risks. The market risk, the special equity risk and the sovereign risk are presented under price risk. The credit risk and the derivative risk are presented under credit risk.

The Company monitors the Funds' risks on a quarterly basis and the DFS Monitoring Committee for Investment Solutions reviews these risks on a quarterly basis.

Market Risk

Market risk is the risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of a change in the relevant risk variables, such as interest rates, exchange rates and equity prices. The Funds' market risk is managed through diversification of the investment portfolio's exposure ratios. The return on investments held by the Funds is monitored by the Company on a monthly basis and reviewed by the DFS Monitoring Committee for Investment Solutions on a quarterly basis.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

Currency risk is composed of monetary items (usually including cash, receivable amounts in foreign currencies, investments in fixed-income and money market securities) and non-monetary items (usually including investments in equities and investment funds). The non-monetary assets are classified according to the currency in which the security was purchased.

The Funds are exposed to the currency risk in holding assets and liabilities denominated in currencies other than the Canadian dollar, the Funds' functional currency, as the value of the securities denominated in other currencies will fluctuate according to the prevailing exchange rates. The Funds may enter into foreign currency forward contracts to reduce their exposure to currency risk.

The Funds' exposure to currency risk is shown based on the carrying value of financial assets and financial liabilities (including the notional amount of foreign currency forward contracts and foreign currency futures, if any).

When the Canadian dollar decreases in relation to foreign currencies, the value of foreign investments increases. Conversely, when the value of the Canadian dollar increases, the value of foreign investments decreases.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

Interest rate risk occurs when an investment fund invests in interest-bearing financial instruments. Generally, the value of these securities increases if interest rates decrease, and decreases if interest rates increase. The Company manages this risk by calculating and monitoring the average portfolio duration on these securities. The Funds also hold a limited amount of cash subject to variable interest rates, which expose them to cash flow interest rate risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from currency risk or interest rate risk.

The Company manages this risk by carefully selecting securities and other financial instruments, in accordance with defined limits. The maximum risk resulting from financial instruments is determined by the fair value or contract value of the financial instruments. The Funds' overall market positions are monitored on a monthly basis by the Company and reviewed on a quarterly basis by the DFS Monitoring Committee for Investment Solutions. The Funds' financial instruments are exposed to price risk arising from uncertainties about the future prices of instruments.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location or industry sector. For Funds with an international investment strategy, the concentration by geographic location is presented according to, among other things, the country of incorporation or region. For Funds with a domestic investment strategy, the concentration by industry sector is presented according to, among other things, their investments in the financial, health care or energy sectors, etc. The concentration risk is managed through portfolio diversification within the framework of the Funds' objective and strategy.

Credit Risk

Credit risk is the risk that the financial instrument counterparty will be unable to pay the full amount at maturity. The Funds' credit risk is managed through an independent credit analysis from the Manager/sub-advisor, in addition to credit rating agencies analysis.

Financial Instruments Transactions

The Funds are exposed to credit risk. The Funds' and the counterparty's respective credit risk are taken into account when determining the fair value of financial assets and liabilities, including derivative financial instruments. Transactions are settled or paid on delivery using approved brokers. The risk of default is considered limited as delivery of the securities sold is made once the broker has received payment.

Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

However, there are risks involved in dealing with custodians or prime brokers who settle trades and, in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Funds' rights to their assets in the case of an insolvency of any such party.

The investment grade for fixed-income securities and money market securities is rated by credit rating agencies, which generally includes the *Dominion Bond Rating Service (DBRS)*, *Standard & Poor's* and *Moody's*. In cases where the credit rating agencies do not agree on a credit rating for fixed-income securities and money market securities, they will be classified following these rules:

- If two credit ratings are available, but the ratings are different, the lowest rating is used;
- If three credit ratings are available, the most common credit rating is used;
- If all three credit rating agencies have different ratings, the middle credit rating is used.

The credit rating is then converted to *DBRS* format. Generally, the greater the credit rating of a security, the lower the probability of it defaulting on its obligations.

Derivative financial instruments are financial contracts whose value depends on underlying assets, including interest rates and foreign exchange rates. The vast majority of derivative financial instruments is negotiated by mutual agreements between the Funds and their counterparties, and include foreign currency forward contracts. Other transactions are carried out as part of trades and mainly consist of standardized futures contracts.

Securities Lending and Repurchase Transactions

Securities lending and repurchase transactions expose the Funds to credit risk. These transactions are governed by Investment Industry Regulatory Organization of Canada participation agreements. The Funds also use netting agreements with counterparties to mitigate credit risk and require a percentage of collateralization (a pledge) on these transactions. The Funds only accept pledges from counterparties that comply with the eligibility criteria defined in their policies. These criteria promote quick realization, if necessary, of collateral in case of default. The collateral received and given by the Funds are mainly cash and government securities. Further information on assets pledged and received as collateral is presented in the "Notes to the Financial Statements – Specific Information" pertaining to each Fund.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Funds are exposed to daily cash redemptions of units. Most of their assets are therefore invested in liquid investments (i.e. investments that are traded in an active market and that can be readily disposed of).

Some Funds may invest in derivative financial instruments, debt securities and unlisted equity investments that are not traded in an active market. As a result, some Funds may not be able to quickly liquidate their investments at amounts approximating their fair values, or be able to respond to specific effects such as deterioration in the creditworthiness of any particular issuer.

Units attributable to Contract Owners are redeemable on demand at the owner's option. However, the Company does not expect that the contractual maturity disclosed will be representative of the actual cash outflows, as Contract Owners of the instruments typically retain them for a longer period.

The majority of the remaining liabilities are due within the next three months. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Management of Risks Associated with Units Attributable to Contract Owners

Units attributed and outstanding are considered as the Funds' capital. The Funds are not subject to specific capital requirements on the premiums and withdrawals, other than certain minimum subscription requirements. Contract Owners are entitled to require payment of the net asset value per unit for all or any of the units they hold by giving an official notice to the Company within the prescribed time period. Units attributable to Contract Owners are redeemable for cash equal to a pro rata share of the Funds' net asset value.

Additional Information

For further information on the risks associated with financial instruments to which each Fund is exposed, refer to the "Notes to the Financial Statements — Specific Information" pertaining to each Fund. Details on risks and various documents on underlying funds (detailed description of each Fund's investment policy and, where applicable, the investment policy and/or prospectus and financial statements of the underlying fund(s)) are available upon request by writing to the Company at the following address:

1 Complexe Desjardins
P.O. Box 9000
Montreal, Quebec
H5B 1H5

INDEPENDENT AUDITOR'S REPORT

To the Contract Owners of:

DFS GIF - Conservative
DFS GIF - Moderate
DFS GIF - Balanced
DFS GIF - Growth
DFS GIF - Maximum Growth
DFS GIF - Money Market
DFS GIF - Income - Fiera Capital
DFS GIF - Canadian Bond
DFS GIF - Diversified Income - Franklin Quotential
DFS GIF - Balanced Income - Franklin Quotential
DFS GIF - Canadian Balanced - Fidelity
DFS GIF - U.S. Monthly Income - Fidelity
DFS GIF - Balanced - Desjardins SocieTerra
DFS GIF - Global Balanced - Jarislowsky Fraser
DFS GIF - Canadian Balanced - Fiera Capital
DFS GIF - Canadian Balanced - Franklin Bissett
DFS GIF - Balanced Growth - Franklin Quotential
DFS GIF - Canadian Balanced - CI Signature

DFS GIF - Income and Growth - CI Signature
DFS GIF - Growth and Income - NEI Northwest
DFS GIF - Global Growth - NEI Select
DFS GIF - Canadian Asset Allocation - CI Cambridge
DFS GIF - Growth - Franklin Quotential
DFS GIF - Dividend Income Franklin Bissett
DFS GIF - Canadian Dividend - NEI Northwest
DFS GIF - Canadian Equity - Jarislowsky Fraser
DFS GIF - Canadian Equity - Fidelity True North®
DFS GIF - Canadian Equity - Franklin Bissett
DFS GIF - Specialty Equity - NEI Northwest
DFS GIF - Small Cap - Franklin Bissett
DFS GIF - American Equity - MFS
DFS GIF - American Equity Value - Desjardins
DFS GIF - Global Dividend - Desjardins
DFS GIF - Global Equity - MFS
DFS GIF - International Equity - MFS
DFS GIF - International Equity Growth - Desjardins

(collectively the "Funds")

We have audited the accompanying financial statements of each of the Funds, which comprise the statement of financial position as at December 31, 2017 and December 31, 2016 and the statements of comprehensive income, changes in net assets attributable to contract owners and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

The Company's responsibility for the financial statements

The Company is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with International Financial Reporting Standards, and for such internal control as the Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements of each of the Funds based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2017 and December 31, 2016 and the financial performance and cash flows of each of the Funds for the years then ended in accordance with International Financial Reporting Standards.

Montreal, Quebec
April 12, 2018

*PricewaterhouseCoopers LLP*¹
¹CPA auditor, CA, public accountancy permit No. A123633

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502, www.pwc.com/ca

¹PwC* refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING IN THE AUDITED ANNUAL FINANCIAL STATEMENTS

Management

The accompanying financial statements have been prepared by the management of the Funds' trustee, Desjardins Financial Security Life Assurance Company (Desjardins Financial Security), in accordance with International Financial Reporting Standards. Management is responsible for the information contained in the financial statements.

Desjardins Financial Security maintains an appropriate system of internal control to ensure that relevant and reliable financial information is produced and that the Funds' assets are appropriately accounted for and safeguarded. A summary of the significant accounting policies applicable to the Funds can be found in Note 2 of the Notes to the Financial Statements.

External Auditor

PricewaterhouseCoopers LLP have been appointed by the shareholder, Desjardins Financial Corporation Inc., as the external auditor of the Funds. Their responsibility is to audit the annual financial statements in accordance with Canadian generally accepted auditing standards and to report to the contract owners of the fairness of the Funds' financial position and results of operations as reflected in the annual financial statements.

Gregory Chrispin

President and Chief Operating Officer

François Drouin

Senior Vice-President, Finance

Éric Landry

Vice-President, Investment Solutions

Lévis, Québec
April 12, 2018

Thank you.

Thank you for choosing the strength and stability of a company specialized in providing individual insurance and retirement savings products to over five million Canadians, every day, to ensure their financial security.

Thank you for also choosing Desjardins Group, the largest cooperative financial group in Canada, whose financial stability is recognized by the following credit ratings which are comparable, if not superior to those of the five largest Canadian banks and insurance companies:

- Standard and Poor's A+
- Moody's Aa2
- Dominion Bond Rating Service AA
- Fitch AA-

The Contract and Information Folder contains important information on the DFS Guaranteed Investment Funds. Please read it carefully before investing. DFS Guaranteed Investment Funds is a registered trademark owned by Desjardins Financial Security Life Assurance Company. DFS Guaranteed Investment Funds are established by Desjardins Financial Security Life Assurance Company.

DFS stands for Desjardins Financial Security.

This Document is also available on our website:

desjardinslifeinsurance.com

Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.



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Insurance

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