

OCTOBER 2017

2017 Semi-Annual Report

DFS GUARANTEED INVESTMENT FUNDS

Financial Information as of June 30, 2017



Desjardins
Insurance

LIFE • HEALTH • RETIREMENT

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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	68,904	75,146
Investments at fair value through profit or loss (FVTPL)	15,608,984	14,278,214
Premiums receivable	16,445	85,122
Receivable for securities sold	5,154	108
	<u>15,699,487</u>	<u>14,438,590</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	31,022	27,947
Withdrawals payable	24,923	125,416
Payable for securities purchased	—	1,298
	<u>55,945</u>	<u>154,661</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>15,643,542</u>	<u>14,283,929</u>
NET ASSETS PER UNIT		
Series 5	<u>5.20</u>	5.09
Series 6	<u>5.40</u>	5.29
Series 7	<u>5.49</u>	5.36

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	185,441	133,988
Changes in fair value:		
Net realized gain (loss) on investments	43,165	2,108
Net unrealized gain (loss) on investments	273,166	249,338
	<u>501,772</u>	<u>385,434</u>
EXPENSES		
Management fees and guarantee charge	162,788	106,408
Operating expenses	16,833	10,976
	<u>179,621</u>	<u>117,384</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>322,151</u>	<u>268,050</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	17,679	13,159
- per unit	0.10	0.22
Average Number of Units	185,622	59,573
SERIES 6		
Increase (Decrease) in Net Assets from Operations	264,381	212,534
- per unit	0.12	0.14
Average Number of Units	2,285,405	1,548,048
SERIES 7		
Increase (Decrease) in Net Assets from Operations	40,091	42,357
- per unit	0.12	0.16
Average Number of Units	325,824	267,190

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	14,283,929	8,448,200
Increase (Decrease) in Net Assets from operations attributable to contract owners	322,151	268,050
Premiums		
Series 5	346,410	577,368
Series 6	2,088,734	3,482,617
Series 7	700,000	1,090,986
	3,135,144	5,150,971
Withdrawals		
Series 5	(223,293)	(137,122)
Series 6	(1,568,356)	(1,458,909)
Series 7	(306,033)	(768,219)
	(2,097,682)	(2,364,250)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	15,643,542	11,502,971

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	322,151	268,050
Adjustments for:		
Net realized gain (loss)	(43,165)	(2,108)
Net unrealized gain (loss)	(273,166)	(249,338)
Non-cash distribution from investments	(185,441)	(133,988)
Proceeds from sale/maturity of investments	1,926,084	1,438,385
Investments purchased	(2,755,082)	(4,107,439)
Receivable for securities sold	(5,046)	31,167
Accrued expenses	3,075	5,894
Payable for securities purchased	(1,298)	77,650
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(1,011,888)	(2,671,727)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	3,203,821	5,115,783
Amounts paid on withdrawals	(2,198,175)	(2,382,898)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	1,005,646	2,732,885
Increase (decrease) in cash/ bank overdraft	(6,242)	61,158
Cash (bank overdraft), beginning of period	75,146	70,175
CASH (BANK OVERDRAFT), END OF PERIOD	68,904	131,333

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

DFS GIF – CONSERVATIVE (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.8%)		\$	\$
BlackRock Active Canadian Equity DC Fund	12,299	411,576	404,372
BlackRock CDN US Equity Index Fund, Class D	45,106	837,987	933,129
Desjardins Enhanced Bond Fund, I-Class	334,741	3,773,672	3,728,348
Desjardins Overseas Equity Growth Fund, I-Class	22,555	429,144	499,220
Desjardins Overseas Equity Value Fund, I-Class	29,855	431,054	480,962
DGIA Canadian Bond Fund	858,171	8,836,234	8,742,714
Fidelity True North® Fund, Series O	8,477	390,824	412,021
Franklin Bissett Canadian Equity Fund, Series O	2,711	370,222	408,218
Total Investments		15,480,713	15,608,984
Other Net Assets (0.2%)			34,558
Net Assets (100%)			15,643,542

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	55.5%
Canada Housing Trust, 1.25%, December 15, 2020	7.1%
Canada Housing Trust, 1.25%, June 15, 2021	6.2%
Government of Canada, 1.00%, June 1, 2027	6.1%
Province of Ontario, 2.85%, June 2, 2023	3.8%
Financement-Québec, 2.45%, December 1, 2019	3.7%
DESJARDINS ENHANCED BOND FUND	23.8%
Canada Housing Trust, 2.90%, June 15, 2024	6.7%
Government of Canada, 1.50%, June 1, 2026	4.2%
Canada Housing Trust, 2.35%, September 15, 2023	3.7%
Province of Ontario, 2.60%, June 2, 2027	3.4%
Government of Canada, 2.75%, December 1, 2048	2.5%
BLACKROCK CDN US EQUITY INDEX FUND	6.0%
Apple	3.6%
Microsoft Corporation	2.6%
Amazon.com	1.9%
Facebook	1.7%
Johnson & Johnson	1.7%
DESJARDINS OVERSEAS EQUITY GROWTH FUND	3.2%
Tencent Holdings	5.9%
Alibaba Group Holding	4.5%
Softbank Corporation	4.5%
AIA Group	4.4%
ASML Holding	4.1%

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

Security Name	Percentage of Portfolio
DESJARDINS OVERSEAS EQUITY VALUE FUND	3.1%
Roche Holding AG	3.9%
Japan Tobacco	3.3%
AIA Group	3.2%
Novartis AG	3.0%
Shin-Etsu Chemical	2.7%
FIDELITY TRUE NORTH® FUND	2.6%
Toronto-Dominion Bank	8.1%
Canadian National Railway Company	4.6%
Rogers Communications, Class B	3.9%
CGI Group	3.7%
Enbridge	3.2%
FRANKLIN BISSETT CANADIAN EQUITY FUND	2.6%
Brookfield Asset Management	6.6%
Canadian National Railway Company	5.9%
Restaurant Brands International	5.3%
Royal Bank of Canada	5.1%
Toronto-Dominion Bank	4.8%
BLACKROCK ACTIVE CANADIAN EQUITY DC FUND	2.6%
Royal Bank of Canada	7.6%
Toronto-Dominion Bank	6.8%
Scotiabank	5.5%
Canadian National Railway Company	4.7%
Enbridge	3.2%

DFS GIF – CONSERVATIVE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	5,528,769	10,080,215	—	15,608,984
TOTAL	5,528,769	10,080,215	—	15,608,984

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

Interest Rate Risk

As at June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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 June 30, 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
		June 30, 2017
Benchmarks	%	\$
FTSE TMX Canada Universe (80%)	1.00	119,774
S&P/TSX (8%)	3.00	35,932
S&P 500 (6%)	3.00	26,949
MSCI EAFE Net (6%)	3.00	26,949

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 (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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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".

DFS GIF – MODERATE

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	389,178	610,862
Investments at fair value through profit or loss (FVTPL)	30,121,264	26,582,702
Premiums receivable	181,560	111,651
Receivable for securities sold	34,292	—
	<u>30,726,294</u>	<u>27,305,215</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	61,363	51,363
Withdrawals payable	55,774	16,368
Payable for securities purchased	152,059	265,043
	<u>269,196</u>	<u>332,774</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>30,457,098</u>	<u>26,972,441</u>
NET ASSETS PER UNIT		
Series 5	<u>5.28</u>	5.14
Series 6	<u>5.55</u>	5.40
Series 7	<u>5.65</u>	5.48

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	317,428	218,901
Changes in fair value:		
Net realized gain (loss) on investments	77,677	6,700
Net unrealized gain (loss) on investments	756,621	319,640
	<u>1,151,726</u>	<u>545,241</u>
EXPENSES		
Management fees and guarantee charge	316,586	180,239
Operating expenses	32,317	17,966
	<u>348,903</u>	<u>198,205</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>802,823</u>	<u>347,036</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	17,475	14,209
- per unit	0.14	0.20
Average Number of Units	125,401	69,733
SERIES 6		
Increase (Decrease) in Net Assets from Operations	639,501	281,502
- per unit	0.15	0.10
Average Number of Units	4,276,265	2,715,803
SERIES 7		
Increase (Decrease) in Net Assets from Operations	145,847	51,325
- per unit	0.17	0.16
Average Number of Units	860,437	326,915

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	26,972,441	13,940,758
Increase (Decrease) in Net Assets from operations attributable to contract owners	802,823	347,036
Premiums		
Series 5	84,592	444,875
Series 6	3,409,893	4,483,652
Series 7	895,105	1,372,889
	4,389,590	6,301,416
Withdrawals		
Series 5	(68,797)	(27,813)
Series 6	(1,604,287)	(1,421,326)
Series 7	(34,672)	(201,812)
	(1,707,756)	(1,650,951)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	30,457,098	18,938,259

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	802,823	347,036
Adjustments for:		
Net realized gain (loss)	(77,677)	(6,700)
Net unrealized gain (loss)	(756,621)	(319,640)
Non-cash distribution from investments	(317,428)	(218,901)
Proceeds from sale/maturity of investments	1,863,600	1,340,341
Investments purchased	(4,250,436)	(5,586,660)
Receivable for securities sold	(34,292)	(134,512)
Accrued expenses	10,000	9,520
Payable for securities purchased	(112,984)	11,677
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(2,873,015)	(4,557,839)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	4,319,681	5,963,297
Amounts paid on withdrawals	(1,668,350)	(1,378,813)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	2,651,331	4,584,484
Increase (decrease) in cash/ bank overdraft	(221,684)	26,645
Cash (bank overdraft), beginning of period	610,862	453,973
CASH (BANK OVERDRAFT), END OF PERIOD	389,178	480,618

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

DFS GIF – MODERATE (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (98.9%)		\$	\$
BlackRock Active Canadian Equity DC Fund	41,030	1,383,820	1,348,962
BlackRock CDN US Equity Index Fund, Class D	150,271	2,775,745	3,108,759
Desjardins Enhanced Bond Fund, I-Class	525,447	5,930,439	5,852,431
Desjardins Overseas Equity Growth Fund, I-Class	76,242	1,439,644	1,687,464
Desjardins Overseas Equity Value Fund, I-Class	100,907	1,456,243	1,625,607
DGIA Canadian Bond Fund	1,347,153	13,856,981	13,724,272
Fidelity True North® Fund, Series O	28,661	1,324,072	1,393,043
Franklin Bissett Canadian Equity Fund, Series O	9,170	1,257,523	1,380,726
Total Investments		<u>29,424,467</u>	<u>30,121,264</u>
Other Net Assets (1.1%)			<u>335,834</u>
Net Assets (100%)			<u>30,457,098</u>

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	44.6%
Canada Housing Trust, 1.25%, December 15, 2020	7.1%
Canada Housing Trust, 1.25%, June 15, 2021	6.2%
Government of Canada, 1.00%, June 1, 2027	6.1%
Province of Ontario, 2.85%, June 2, 2023	3.8%
Financement-Québec, 2.45%, December 1, 2019	3.7%
DESJARDINS ENHANCED BOND FUND	19.1%
Canada Housing Trust, 2.90%, June 15, 2024	6.7%
Government of Canada, 1.50%, June 1, 2026	4.2%
Canada Housing Trust, 2.35%, September 15, 2023	3.7%
Province of Ontario, 2.60%, June 2, 2027	3.4%
Government of Canada, 2.75%, December 1, 2048	2.5%
BLACKROCK CDN US EQUITY INDEX FUND	10.2%
Apple	3.6%
Microsoft Corporation	2.6%
Amazon.com	1.9%
Facebook	1.7%
Johnson & Johnson	1.7%
DESJARDINS OVERSEAS EQUITY GROWTH FUND	5.5%
Tencent Holdings	5.9%
Alibaba Group Holding	4.5%
Softbank Corporation	4.5%
AIA Group	4.4%
ASML Holding	4.1%

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

Security Name	Percentage of Portfolio
DESJARDINS OVERSEAS EQUITY VALUE FUND	5.3%
Roche Holding AG	3.9%
Japan Tobacco	3.3%
AIA Group	3.2%
Novartis AG	3.0%
Shin-Etsu Chemical	2.7%
FIDELITY TRUE NORTH® FUND	4.5%
Toronto-Dominion Bank	8.1%
Canadian National Railway Company	4.6%
Rogers Communications, Class B	3.9%
CGI Group	3.7%
Enbridge	3.2%
FRANKLIN BISSETT CANADIAN EQUITY FUND	4.5%
Brookfield Asset Management	6.6%
Canadian National Railway Company	5.9%
Restaurant Brands International	5.3%
Royal Bank of Canada	5.1%
Toronto-Dominion Bank	4.8%
BLACKROCK ACTIVE CANADIAN EQUITY DC FUND	4.4%
Royal Bank of Canada	7.6%
Toronto-Dominion Bank	6.8%
Scotiabank	5.5%
Canadian National Railway Company	4.7%
Enbridge	3.2%

DFS GIF – MODERATE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	11,939,271	18,181,993	—	30,121,264
TOTAL	11,939,271	18,181,993	—	30,121,264

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

Interest Rate Risk

As at June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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 June 30, 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
		June 30, 2017
Benchmarks	%	\$
FTSE TMX Canada Universe (65%)	1.00	190,679
S&P/TSX (14%)	3.00	123,208
S&P 500 (10.5%)	3.00	92,406
MSCI EAFE Net (10.5%)	3.00	92,406

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 (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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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".

DFS GIF – BALANCED

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	372,038	423,802
Investments at fair value through profit or loss (FVTPL)	65,057,379	54,212,097
Premiums receivable	114,052	304,070
	<u>65,543,469</u>	<u>54,939,969</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	135,730	108,345
Withdrawals payable	97,613	36,562
Payable for securities purchased	88,113	268,943
	<u>321,456</u>	<u>413,850</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>65,222,013</u>	<u>54,526,119</u>
NET ASSETS PER UNIT		
Series 5	<u>5.38</u>	5.20
Series 6	<u>5.69</u>	5.49
Series 7	<u>5.79</u>	5.58

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	601,335	491,325
Changes in fair value:		
Net realized gain (loss) on investments	196,142	(3,946)
Net unrealized gain (loss) on investments	1,980,479	582,370
	<u>2,777,956</u>	<u>1,069,749</u>
EXPENSES		
Management fees and guarantee charge	685,210	406,698
Operating expenses	67,636	40,016
	<u>752,846</u>	<u>446,714</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>2,025,110</u>	<u>623,035</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	19,024	16,382
- per unit	0.12	0.22
Average Number of Units	164,348	75,507
SERIES 6		
Increase (Decrease) in Net Assets from Operations	1,725,878	528,174
- per unit	0.19	0.09
Average Number of Units	9,256,443	5,781,173
SERIES 7		
Increase (Decrease) in Net Assets from Operations	280,208	78,479
- per unit	0.22	0.08
Average Number of Units	1,288,856	1,020,931

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	54,526,119	31,279,788
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,025,110	623,035
Premiums		
Series 5	658,727	394,489
Series 6	10,887,139	9,955,158
Series 7	1,572,107	653,010
	13,117,973	11,002,657
Withdrawals		
Series 5	(75,373)	(1,465)
Series 6	(2,895,016)	(1,061,975)
Series 7	(1,476,800)	(293,787)
	(4,447,189)	(1,357,227)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	65,222,013	41,548,253

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,025,110	623,035
Adjustments for:		
Net realized gain (loss)	(196,142)	3,946
Net unrealized gain (loss)	(1,980,479)	(582,370)
Non-cash distribution from investments	(601,335)	(491,325)
Proceeds from sale/maturity of investments	3,811,282	1,787,828
Investments purchased	(11,878,608)	(10,981,349)
Receivable for securities sold	—	(33,092)
Accrued expenses	27,385	21,500
Payable for securities purchased	(180,830)	61,976
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(8,973,617)	(9,589,851)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	13,307,991	10,886,849
Amounts paid on withdrawals	(4,386,138)	(1,330,089)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	8,921,853	9,556,760
Increase (decrease) in cash/ bank overdraft	(51,764)	(33,091)
Cash (bank overdraft), beginning of period	423,802	329,916
CASH (BANK OVERDRAFT), END OF PERIOD	372,038	296,825

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

DFS GIF – BALANCED (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.7%)		\$	\$
BlackRock Active Canadian Equity DC Fund	128,105	4,294,777	4,211,775
BlackRock CDN US Equity Index Fund, Class D	468,848	8,713,178	9,699,358
Desjardins Enhanced Bond Fund, I-Class	870,547	9,802,890	9,696,156
Desjardins Overseas Equity Growth Fund, I-Class	234,092	4,455,591	5,181,161
Desjardins Overseas Equity Value Fund, I-Class	310,121	4,493,334	4,996,051
DGIA Canadian Bond Fund	2,231,625	22,907,009	22,734,921
Fidelity True North® Fund, Series O	88,206	4,075,874	4,287,228
Franklin Bissett Canadian Equity Fund, Series O	28,231	3,844,282	4,250,729
Total Investments		62,586,935	65,057,379
Other Net Assets (0.3%)			164,634
Net Assets (100%)			65,222,013

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	34.5%
Canada Housing Trust, 1.25%, December 15, 2020	7.1%
Canada Housing Trust, 1.25%, June 15, 2021	6.2%
Government of Canada, 1.00%, June 1, 2027	6.1%
Province of Ontario, 2.85%, June 2, 2023	3.8%
Financement-Québec, 2.45%, December 1, 2019	3.7%
BLACKROCK CDN US EQUITY INDEX FUND	14.9%
Apple	3.6%
Microsoft Corporation	2.6%
Amazon.com	1.9%
Facebook	1.7%
Johnson & Johnson	1.7%
DESJARDINS ENHANCED BOND FUND	14.8%
Canada Housing Trust, 2.90%, June 15, 2024	6.7%
Government of Canada, 1.50%, June 1, 2026	4.2%
Canada Housing Trust, 2.35%, September 15, 2023	3.7%
Province of Ontario, 2.60%, June 2, 2027	3.4%
Government of Canada, 2.75%, December 1, 2048	2.5%
DESJARDINS OVERSEAS EQUITY GROWTH FUND	7.9%
Tencent Holdings	5.9%
Alibaba Group Holding	4.5%
Softbank Corporation	4.5%
AIA Group	4.4%
ASML Holding	4.1%

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

Security Name	Percentage of Portfolio
DESJARDINS OVERSEAS EQUITY VALUE FUND	7.7%
Roche Holding AG	3.9%
Japan Tobacco	3.3%
AIA Group	3.2%
Novartis AG	3.0%
Shin-Etsu Chemical	2.7%
FIDELITY TRUE NORTH® FUND	6.6%
Toronto-Dominion Bank	8.1%
Canadian National Railway Company	4.6%
Rogers Communications, Class B	3.9%
CGI Group	3.7%
Enbridge	3.2%
FRANKLIN BISSETT CANADIAN EQUITY FUND	6.5%
Brookfield Asset Management	6.6%
Canadian National Railway Company	5.9%
Restaurant Brands International	5.3%
Royal Bank of Canada	5.1%
Toronto-Dominion Bank	4.8%
BLACKROCK ACTIVE CANADIAN EQUITY DC FUND	6.5%
Royal Bank of Canada	7.6%
Toronto-Dominion Bank	6.8%
Scotiabank	5.5%
Canadian National Railway Company	4.7%
Enbridge	3.2%

DFS GIF – BALANCED (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	28,411,325	36,646,054	—	65,057,379
TOTAL	28,411,325	36,646,054	—	65,057,379

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

Interest Rate Risk

As at June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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 June 30, 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
		June 30, 2017
Benchmarks	%	\$
FTSE TMX Canada Universe (50 %)	1.00	317,715
S&P/TSX (20 %)	3.00	381,258
S&P 500 (15 %)	3.00	285,944
MSCI EAFE Net (15%)	3.00	285,944

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 (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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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".

DFS GIF – GROWTH

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	263,195	396,843
Investments at fair value through profit or loss (FVTPL)	49,531,661	40,818,802
Premiums receivable	236,173	621,550
	<u>50,031,029</u>	<u>41,837,195</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	105,979	83,053
Withdrawals payable	45,037	287,183
Payable for securities purchased	287,002	418,064
	<u>438,018</u>	<u>788,300</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>49,593,011</u>	<u>41,048,895</u>
NET ASSETS PER UNIT		
Series 5	<u>5.49</u>	5.26
Series 6	<u>5.89</u>	5.64
Series 7	<u>5.97</u>	5.71

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	395,060	297,830
Changes in fair value:		
Net realized gain (loss) on investments	244,205	(22,098)
Net unrealized gain (loss) on investments	1,708,936	282,473
	<u>2,348,201</u>	<u>558,205</u>
EXPENSES		
Management fees and guarantee charge	529,708	259,122
Operating expenses	50,134	24,361
	<u>579,842</u>	<u>283,483</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,768,359</u>	<u>274,722</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>118,901</u>	47,767
- per unit	<u>0.13</u>	0.22
Average Number of Units	<u>914,622</u>	212,502
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>1,480,146</u>	200,549
- per unit	<u>0.24</u>	0.05
Average Number of Units	<u>6,245,744</u>	3,705,316
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>169,312</u>	26,406
- per unit	<u>0.26</u>	0.11
Average Number of Units	<u>659,111</u>	250,563

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	41,048,895	18,999,556
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>1,768,359</u>	274,722
Premiums		
Series 5	4,482,685	1,628,191
Series 6	6,299,108	6,052,189
Series 7	1,253,093	585,087
	<u>12,034,886</u>	8,265,467
Withdrawals		
Series 5	(619,981)	(408,343)
Series 6	(2,633,975)	(1,737,916)
Series 7	(2,005,173)	(370,050)
	<u>(5,259,129)</u>	(2,516,309)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	49,593,011	25,023,436

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,768,359	274,722
Adjustments for:		
Net realized gain (loss)	(244,205)	22,098
Net unrealized gain (loss)	(1,708,936)	(282,473)
Non-cash distribution from investments	(395,060)	(297,830)
Proceeds from sale/maturity of investments	4,772,761	1,810,362
Investments purchased	(11,137,419)	(7,262,784)
Receivable for securities sold	—	(140,935)
Accrued expenses	22,926	10,633
Payable for securities purchased	(131,062)	31,221
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(7,052,636)	(5,834,986)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	12,420,263	8,187,838
Amounts paid on withdrawals	(5,501,275)	(2,493,789)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	6,918,988	5,694,049
Increase (decrease) in cash/ bank overdraft	(133,648)	(140,937)
Cash (bank overdraft), beginning of period	396,843	110,798
CASH (BANK OVERDRAFT), END OF PERIOD	263,195	(30,139)

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

DFS GIF – GROWTH (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.9%)		\$	\$
BlackRock Active Canadian Equity DC Fund	125,481	4,208,567	4,125,524
BlackRock CDN US Equity Index Fund, Class D	458,964	8,689,547	9,494,897
Desjardins Enhanced Bond Fund, I-Class	465,501	5,231,114	5,184,751
Desjardins Overseas Equity Growth Fund, I-Class	232,050	4,466,941	5,135,959
Desjardins Overseas Equity Value Fund, I-Class	307,632	4,485,370	4,955,954
DGIA Canadian Bond Fund	1,193,180	12,270,185	12,155,648
Fidelity True North® Fund, Series O	87,586	4,076,808	4,257,087
Franklin Bissett Canadian Equity Fund, Series O	28,039	3,881,334	4,221,841
Total Investments		47,309,866	49,531,661
Other Net Assets (0.1%)			61,350
Net Assets (100%)			49,593,011

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	24.4%
Canada Housing Trust, 1.25%, December 15, 2020	7.1%
Canada Housing Trust, 1.25%, June 15, 2021	6.2%
Government of Canada, 1.00%, June 1, 2027	6.1%
Province of Ontario, 2.85%, June 2, 2023	3.8%
Financement-Québec, 2.45%, December 1, 2019	3.7%
BLACKROCK CDN US EQUITY INDEX FUND	19.1%
Apple	3.6%
Microsoft Corporation	2.6%
Amazon.com	1.9%
Facebook	1.7%
Johnson & Johnson	1.7%
DESJARDINS ENHANCED BOND FUND	10.4%
Canada Housing Trust, 2.90%, June 15, 2024	6.7%
Government of Canada, 1.50%, June 1, 2026	4.2%
Canada Housing Trust, 2.35%, September 15, 2023	3.7%
Province of Ontario, 2.60%, June 2, 2027	3.4%
Government of Canada, 2.75%, December 1, 2048	2.5%
DESJARDINS OVERSEAS EQUITY GROWTH FUND	10.3%
Tencent Holdings	5.9%
Alibaba Group Holding	4.5%
Softbank Corporation	4.5%
AIA Group	4.4%
ASML Holding	4.1%

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

Security Name	Percentage of Portfolio
DESJARDINS OVERSEAS EQUITY VALUE FUND	10.0%
Roche Holding AG	3.9%
Japan Tobacco	3.3%
AIA Group	3.2%
Novartis AG	3.0%
Shin-Etsu Chemical	2.7%
FIDELITY TRUE NORTH® FUND	8.6%
Toronto-Dominion Bank	8.1%
Canadian National Railway Company	4.6%
Rogers Communications, Class B	3.9%
CGI Group	3.7%
Enbridge	3.2%
FRANKLIN BISSETT CANADIAN EQUITY FUND	8.5%
Brookfield Asset Management	6.6%
Canadian National Railway Company	5.9%
Restaurant Brands International	5.3%
Royal Bank of Canada	5.1%
Toronto-Dominion Bank	4.8%
BLACKROCK ACTIVE CANADIAN EQUITY DC FUND	8.3%
Royal Bank of Canada	7.6%
Toronto-Dominion Bank	6.8%
Scotiabank	5.5%
Canadian National Railway Company	4.7%
Enbridge	3.2%

DFS GIF – GROWTH (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	23,755,592	25,776,069	—	49,531,661
TOTAL	23,755,592	25,776,069	—	49,531,661

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

Interest Rate Risk

As at June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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 June 30, 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
		June 30, 2017
Benchmarks	%	\$
FTSE TMX Canada Universe (35 %)	1.00	169,927
S&P/TSX (26 %)	3.00	378,695
S&P 500 (19,5 %)	3.00	284,021
MSCI EAFE Net (19.5%)	3.00	284,021

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 (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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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".

DFS GIF – MAXIMUM GROWTH

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	8,235	5,680
Investments at fair value through profit or loss (FVTPL)	3,700,254	3,006,549
Premiums receivable	78,841	4,261
	<u>3,787,330</u>	<u>3,016,490</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	8,129	6,592
Withdrawals payable	610	432
Payable for securities purchased	54,298	1,207
	<u>63,037</u>	<u>8,231</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>3,724,293</u>	<u>3,008,259</u>
NET ASSETS PER UNIT		
Series 5	<u>5.61</u>	5.34
Series 6	<u>6.02</u>	5.74
Series 7	<u>6.11</u>	5.81

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	25,321	27,333
Changes in fair value:		
Net realized gain (loss) on investments	18,195	(1,099)
Net unrealized gain (loss) on investments	157,277	18,855
	<u>200,793</u>	<u>45,089</u>
EXPENSES		
Management fees and guarantee charge	40,945	26,304
Operating expenses	3,847	2,392
	<u>44,792</u>	<u>28,696</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>156,001</u>	<u>16,393</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	6,605	4,173
- per unit	0.24	0.20
Average Number of Units	27,792	21,101
SERIES 6		
Increase (Decrease) in Net Assets from Operations	125,017	12,156
- per unit	0.27	0.03
Average Number of Units	462,097	382,723
SERIES 7		
Increase (Decrease) in Net Assets from Operations	24,379	64
- per unit	0.30	0.02
Average Number of Units	80,211	3,854

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	3,008,259	1,888,585
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>156,001</u>	16,393
Premiums		
Series 5	49,264	119,812
Series 6	599,267	544,084
Series 7	2,949	—
	<u>651,480</u>	663,896
Withdrawals		
Series 5	(122)	(5,979)
Series 6	(91,325)	(263,304)
Series 7	—	—
	<u>(91,447)</u>	(269,283)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>3,724,293</u>	2,299,591

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	156,001	16,393
Adjustments for:		
Net realized gain (loss)	(18,195)	1,099
Net unrealized gain (loss)	(157,277)	(18,855)
Non-cash distribution from investments	(25,321)	(27,333)
Proceeds from sale/maturity of investments	301,485	358,025
Investments purchased	(794,397)	(715,108)
Accrued expenses	1,537	749
Payable for securities purchased	<u>53,091</u>	18,613
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(483,076)	(366,417)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	576,900	635,529
Amounts paid on withdrawals	<u>(91,269)</u>	(269,175)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	485,631	366,354
Increase (decrease) in cash/ bank overdraft	2,555	(63)
Cash (bank overdraft), beginning of period	<u>5,680</u>	5,689
CASH (BANK OVERDRAFT), END OF PERIOD	<u>8,235</u>	5,626

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

DFS GIF – MAXIMUM GROWTH (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (99.4%)		\$	\$
BlackRock Active Canadian Equity DC Fund	11,417	387,327	375,358
BlackRock CDN US Equity Index Fund, Class D	41,817	766,262	865,093
Desjardins Enhanced Bond Fund, I-Class	19,959	224,157	222,307
Desjardins Overseas Equity Growth Fund, I-Class	21,464	405,989	475,070
Desjardins Overseas Equity Value Fund, I-Class	28,441	416,037	458,182
DGIA Canadian Bond Fund	51,162	523,848	521,218
Fidelity True North® Fund, Series O	8,090	372,450	393,208
Franklin Bissett Canadian Equity Fund, Series O	2,589	356,279	389,818
Total Investments		3,452,349	3,700,254
Other Net Assets (0.6%)			24,039
Net Assets (100%)			3,724,293

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	23.1%
Apple	3.6%
Microsoft Corporation	2.6%
Amazon.com	1.9%
Facebook	1.7%
Johnson & Johnson	1.7%
DGIA CANADIAN BOND FUND	13.8%
Canada Housing Trust, 1.25%, December 15, 2020	7.1%
Canada Housing Trust, 1.25%, June 15, 2021	6.2%
Government of Canada, 1.00%, June 1, 2027	6.1%
Province of Ontario, 2.85%, June 2, 2023	3.8%
Financement-Québec, 2.45%, December 1, 2019	3.7%
DESJARDINS OVERSEAS EQUITY GROWTH FUND	12.8%
Tencent Holdings	5.9%
Alibaba Group Holding	4.5%
Softbank Corporation	4.5%
AIA Group	4.4%
ASML Holding	4.1%
DESJARDINS OVERSEAS EQUITY VALUE FUND	12.3%
Roche Holding AG	3.9%
Japan Tobacco	3.3%
AIA Group	3.2%
Novartis AG	3.0%
Shin-Etsu Chemical	2.7%

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

Security Name	Percentage of Portfolio
FIDELITY TRUE NORTH® FUND	10.6%
Toronto-Dominion Bank	8.1%
Canadian National Railway Company	4.6%
Rogers Communications, Class B	3.9%
CGI Group	3.7%
Enbridge	3.2%
FRANKLIN BISSETT CANADIAN EQUITY FUND	10.5%
Brookfield Asset Management	6.6%
Canadian National Railway Company	5.9%
Restaurant Brands International	5.3%
Royal Bank of Canada	5.1%
Toronto-Dominion Bank	4.8%
BLACKROCK ACTIVE CANADIAN EQUITY DC FUND	10.1%
Royal Bank of Canada	7.6%
Toronto-Dominion Bank	6.8%
Scotiabank	5.5%
Canadian National Railway Company	4.7%
Enbridge	3.2%
DESJARDINS ENHANCED BOND FUND	6.0%
Canada Housing Trust, 2.90%, June 15, 2024	6.7%
Government of Canada, 1.50%, June 1, 2026	4.2%
Canada Housing Trust, 2.35%, September 15, 2023	3.7%
Province of Ontario, 2.60%, June 2, 2027	3.4%
Government of Canada, 2.75%, December 1, 2048	2.5%

DFS GIF – MAXIMUM GROWTH (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	1,938,585	1,761,669	—	3,700,254
TOTAL	1,938,585	1,761,669	—	3,700,254

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

Interest Rate Risk

As at June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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 June 30, 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
		June 30, 2017
Benchmarks	%	\$
FTSE TMX Canada Univers (20%)	1.00	7,343
S&P/TSX (32%)	3.00	35,248
S&P 500 (24%)	3.00	26,436
MSCI EAEO net (24%)	3.00	26,436

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:

	Change in Price	Impact on Net Assets Attributable to Contract Owners
		December 31, 2016
Benchmarks	%	\$
FTSE TMX Canada Universe (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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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".

Individual Funds

DFS GUARANTEED INVESTMENT FUNDS

DFS GIF – MONEY MARKET

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	5,933	431,954
Investments at fair value through profit or loss (FVTPL)	34,955,737	36,019,646
Premiums receivable	402,713	133,906
	<u>35,364,383</u>	<u>36,585,506</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	37,627	37,058
Withdrawals payable	382,575	146,581
Payable for securities purchased	—	81,033
	<u>420,202</u>	<u>264,672</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>34,944,181</u>	<u>36,320,834</u>
NET ASSETS PER UNIT		
Series 1	<u>6.56</u>	6.59
Series 3	<u>6.57</u>	6.60
Series 5	<u>6.79</u>	6.80
Series 6	<u>5.02</u>	5.03
Series 7	<u>5.12</u>	5.10
Series IGP	<u>9.90</u>	9.93

STATEMENT OF COMPREHENSIVE
INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	294,067	369,017
Changes in fair value:		
Net realized gain (loss) on investments	294,901	201,045
Net unrealized gain (loss) on investments	(403,815)	(331,079)
	<u>185,153</u>	<u>238,983</u>
EXPENSES		
Management fees and guarantee charge	153,215	154,894
Operating expenses	72,964	76,402
	<u>226,179</u>	<u>231,296</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(41,026)</u>	<u>7,687</u>
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	(1,384)	(758)
- per unit	(0.02)	(0.01)
Average Number of Units	63,076	67,788
SERIES 3		
Increase (Decrease) in Net Assets from Operations	(8,286)	(5,055)
- per unit	(0.02)	(0.01)
Average Number of Units	372,818	416,358
SERIES 5		
Increase (Decrease) in Net Assets from Operations	(27,129)	(1,497)
- per unit	(0.01)	—
Average Number of Units	2,674,250	2,960,090
SERIES 6		
Increase (Decrease) in Net Assets from Operations	(4,170)	12,421
- per unit	—	0.01
Average Number of Units	2,214,995	1,814,192
SERIES 7		
Increase (Decrease) in Net Assets from Operations	4,107	5,143
- per unit	0.01	0.02
Average Number of Units	329,466	246,425
SERIES IGP		
Increase (Decrease) in Net Assets from Operations	(4,164)	(2,567)
- per unit	(0.03)	(0.01)
Average Number of Units	146,593	182,011

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	36,320,834	35,116,746
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(41,026)</u>	7,687
Premiums		
Series 1	173,065	49,754
Series 3	607,425	567,983
Series 5	2,942,896	4,492,593
Series 6	5,707,536	4,728,020
Series 7	2,057,748	1,570,502
Series IGP	31,813	311,038
	<u>11,520,483</u>	11,719,890
Withdrawals		
Series 1	(113,201)	(46,020)
Series 3	(212,541)	(874,358)
Series 5	(5,270,597)	(5,691,659)
Series 6	(4,242,020)	(3,798,929)
Series 7	(2,884,464)	(593,751)
Series IGP	(133,287)	(197,955)
	<u>(12,856,110)</u>	(11,202,672)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>34,944,181</u>	35,641,651

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(41,026)	7,687
Adjustments for:		
Net realized gain (loss)	(294,901)	(201,045)
Net unrealized gain (loss)	403,815	331,079
Non-cash distribution from investments	(294,067)	(369,017)
Proceeds from sale/maturity of investments	9,073,274	7,495,448
Investments purchased	(7,824,212)	(7,334,658)
Accrued expenses	569	(800)
Payable for securities purchased	(81,033)	6,052
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>942,419</u>	(65,254)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	11,251,676	11,295,675
Amounts paid on withdrawals	(12,620,116)	(11,451,868)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>(1,368,440)</u>	(156,193)
Increase (decrease) in cash/ bank overdraft	(426,021)	(221,447)
Cash (bank overdraft), beginning of period	431,954	35,298
CASH (BANK OVERDRAFT), END OF PERIOD	<u>5,933</u>	(186,149)

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

DFS GIF – MONEY MARKET (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.0%)		\$	\$
DGIA Money Market Fund	3,644,487	34,032,742	34,955,737
Total Investments		34,032,742	34,955,737
Other Net Assets (-0.0%)			(11,556)
Net Assets (100%)			34,944,181

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	8.5%
Daimler Canada Finance, 2.27%, March 26, 2018	6.3%
Scotiabank, Notes, April 5, 2018	6.1%
Canadian Imperial Bank of Commerce, Floating Rate, February 9, 2018	6.1%
Cadillac Fairview Financial, 3.64%, May 9, 2018	5.5%
Toronto-Dominion Bank, Notes, April 5, 2018	5.4%
National Bank of Canada, 2.689%, August 21, 2017	5.4%
Bank of Montreal, Floating Rate, March 29, 2018	4.2%
Honda Canada Finance, 2.35%, June 4, 2018	3.9%
BMW Canada, Floating Rate, June 14, 2019	3.9%
Province of Newfoundland and Labrador, Stripped, October 17, 2017	3.8%
Ontario Treasury Bills, December 13, 2017	3.4%
Toronto-Dominion Bank, Floating Rate, March 28, 2018	3.4%
Ontario Treasury Bills, January 10, 2018	3.2%
Bank of Montréal, 2.39%, July 12, 2017	3.1%
Quebec Treasury Bills, September 22, 2017	3.1%
Scotiabank, Notes, May 18, 2018	3.0%
Canadian Imperial Bank of Commerce, Notes, June 8, 2018	2.8%
Daimler Canada Finance, Floating Rate, July 8, 2019	2.7%
Société de transport de Montréal, Notes, August 2, 2017	2.3%
Ontario Electricity Fin. Corporation, February 6, 2018	2.1%
Honda Canada Finance, Notes, November 1, 2017	1.8%
Lower Mattagami Energy, 2.228%, October 23, 2017	1.6%
Toyota Credit Canada, Floating Rate, February 25, 2019	1.6%
Ontario Treasury Bills, May 2, 2018	1.5%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	34,955,737	—	34,955,737
TOTAL	—	34,955,737	—	34,955,737

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – MONEY MARKET (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada 91 Day Treasury Bills	0.25	87,360	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 – FIERA CAPITAL

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	64,267,441	84,355,749
Investments at fair value through profit or loss (FVTPL) pledged as collateral	25,578,977	14,399,694
Premiums receivable	33,911	148,258
Receivable for securities sold	6,533,098	1,229,118
Cash guarantee received for repurchase transactions	22,367,416	13,421,407
Interest, dividends and other receivables	348,536	468,394
	<u>119,129,379</u>	<u>114,022,620</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	37,144	35,818
Accrued expenses	152,988	166,273
Withdrawals payable	328,616	695,862
Payable for securities purchased	6,486,552	1,158,574
Commitments related to repurchase transactions	22,367,416	13,421,407
	<u>29,372,716</u>	<u>15,477,934</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>89,756,663</u>	<u>98,544,686</u>
NET ASSETS PER UNIT		
Series 1	<u>10.14</u>	10.03
Series 3	<u>10.74</u>	10.61
Series 5	<u>11.40</u>	11.22
Series 6	<u>5.39</u>	5.30
Series 7	<u>5.48</u>	5.37

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	1,220,619	1,531,923
Distributions from underlying funds	89,819	93,908
Revenue from securities lending and repurchase transactions	8,728	10,232
Changes in fair value:		
Net realized gain (loss) on investments	1,786,059	1,042,667
Net unrealized gain (loss) on investments	(665,989)	1,624,306
	<u>2,439,236</u>	<u>4,303,036</u>
EXPENSES		
Management fees and guarantee charge	642,684	720,005
Operating expenses	303,242	352,634
	<u>945,926</u>	<u>1,072,639</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,493,310</u>	<u>3,230,397</u>
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	<u>19,685</u>	57,550
- per unit	<u>0.12</u>	0.26
Average Number of Units	<u>168,989</u>	223,311
SERIES 3		
Increase (Decrease) in Net Assets from Operations	<u>111,073</u>	304,799
- per unit	<u>0.14</u>	0.30
Average Number of Units	<u>810,268</u>	1,030,110
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>1,176,092</u>	2,628,953
- per unit	<u>0.18</u>	0.35
Average Number of Units	<u>6,408,893</u>	7,484,492
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>164,760</u>	229,144
- per unit	<u>0.09</u>	0.18
Average Number of Units	<u>1,801,555</u>	1,268,705
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>21,700</u>	9,951
- per unit	<u>0.10</u>	0.18
Average Number of Units	<u>213,040</u>	56,389

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

DFS GIF – INCOME – FIERA CAPITAL (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>98,544,686</u>	107,356,693
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>1,493,310</u>	3,230,397
Premiums		
Series 1	40,063	4,010
Series 3	88,400	353,252
Series 5	2,219,194	4,057,383
Series 6	1,675,276	2,391,294
Series 7	115,286	31,000
	<u>4,138,219</u>	6,836,939
Withdrawals		
Series 1	(465,849)	(529,346)
Series 3	(1,288,872)	(1,489,810)
Series 5	(10,804,835)	(9,677,059)
Series 6	(1,799,761)	(532,022)
Series 7	(60,235)	(51,271)
	<u>(14,419,552)</u>	(12,279,508)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>89,756,663</u>	105,144,521

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,493,310	3,230,397
Adjustments for:		
Net realized gain (loss)	(1,786,059)	(1,042,667)
Net unrealized gain (loss)	665,989	(1,624,306)
Non-cash distribution from investments	(89,819)	(93,908)
Proceeds from sale/maturity of investments	140,370,318	142,955,744
Investments purchased	(130,251,365)	(137,721,007)
Receivable for securities sold	(5,303,980)	(2,458,224)
Cash guarantee received for repurchase transactions	(8,946,009)	2,146,925
Interest, dividends and other receivables	119,858	77,316
Accrued expenses	(13,285)	(5,289)
Commitments related to repurchase transactions	8,946,009	(2,146,925)
Payable for securities purchased	<u>5,327,978</u>	2,125,454
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>10,532,945</u>	5,443,510
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	4,252,566	6,787,568
Amounts paid on withdrawals	(14,786,798)	(12,192,139)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>(10,534,232)</u>	(5,404,571)
Effect of exchange rate changes on foreign cash	<u>(39)</u>	(77)
Increase (decrease) in cash/ bank overdraft	(1,326)	38,862
Cash (bank overdraft), beginning of period	<u>(35,818)</u>	(10,221)
CASH (BANK OVERDRAFT), END OF PERIOD	<u>(37,144)</u>	28,641
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	1,348,138	1,609,261
Interest paid	<u>49</u>	17

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

		Par Value	Cost	Fair Value
			\$	\$
BONDS (89.6%)				
Canadian Bonds (89.4%)				
Government of Canada (23.6%)				
Government of Canada				
2.750%, 2022-06-01*	CAD	3,681,000	3,987,226	3,915,783
Series E679, 1.500%, 2026-06-01*	CAD	286,000	282,491	281,438
1.000%, 2027-06-01*	CAD	12,121,000	11,488,030	11,296,823
Series WL43, 5.750%, 2029-06-01*	CAD	335,000	481,041	473,181
5.750%, 2033-06-01	CAD	95,000	146,804	143,815
4.000%, 2041-06-01*	CAD	515,000	668,104	693,166
2.750%, 2048-12-01	CAD	1,551,000	1,788,975	1,770,743
PSP Capital				
Series 7, 3.290%, 2024-04-04	CAD	345,000	330,135	368,068
Royal Office Finance				
Series A, 5.209%, 2032-11-12	CAD	1,834,654	1,663,903	2,254,464
			<u>20,836,709</u>	<u>21,197,481</u>
Provincial Governments and Crown Corporations (35.1%)				
Ontario Infrastructure				
4.700%, 2037-06-01	CAD	80,000	71,858	97,340
Ontario School Boards Financing				
Private Placement, Series 06A1, 5.070%, 2031-04-18	CAD	494,020	443,197	552,894
Ornge Issuer Trust				
5.727%, 2034-06-11	CAD	260,272	238,309	308,726
Province of British Columbia				
3.200%, 2044-06-18	CAD	640,000	565,375	675,004
2.800%, 2048-06-18	CAD	291,000	277,673	285,821
Province of Ontario				
3.150%, 2022-06-02	CAD	2,455,000	2,623,102	2,598,049
1.950%, 2023-01-27	CAD	213,000	213,581	212,455
2.850%, 2023-06-02*	CAD	7,486,000	6,838,664	7,812,599
3.500%, 2024-06-02	CAD	3,849,000	3,866,252	4,171,617
2.600%, 2025-06-02	CAD	1,676,000	1,728,739	1,712,410
2.900%, 2046-12-02	CAD	1,542,000	1,500,980	1,523,959
2.800%, 2048-06-02	CAD	3,335,000	3,201,641	3,244,229
Province of Québec				
1.650%, 2022-03-03	CAD	579,000	578,392	574,674
3.500%, 2022-12-01	CAD	190,000	208,282	204,853
2.750%, 2025-09-01	CAD	1,706,000	1,777,654	1,762,959
5.750%, 2036-12-01	CAD	296,000	407,829	422,993
4.250%, 2043-12-01	CAD	796,000	777,244	985,459
3.500%, 2045-12-01	CAD	1,887,000	1,935,590	2,085,681
3.500%, 2048-12-01	CAD	669,000	749,754	748,180
TCHC Issuer Trust				
4.877%, 2037-05-11	CAD	287,000	238,639	350,167
Series B, 5.395%, 2040-02-22	CAD	884,000	879,524	1,175,852
			<u>29,122,279</u>	<u>31,505,921</u>

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

DFS GIF – INCOME – FIERA CAPITAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

		Par Value	Cost	Fair Value
			\$	\$
Corporations (30.7%)				
Bank of Montreal				
2.390%, 2017-07-12	CAD	33,000	31,161	33,011
2.240%, 2017-12-11	CAD	529,000	502,045	531,521
3.340%, (floating rate from 2020-12-08), 2025-12-08	CAD	375,000	374,861	386,943
3.320%, (floating rate from 2021-06-01), 2026-06-01	CAD	429,000	428,940	442,403
Blackbird Infrastructure 407 General Partners				
1.713%, (floating rate from 2020-01-08), 2021-10-08	CAD	229,000	227,216	226,418
Caisse centrale Desjardins				
2.443%, 2019-07-17	CAD	840,000	805,831	853,034
Canadian Imperial Bank of Commerce				
2.350%, 2017-10-18	CAD	578,000	552,315	580,083
2.350%, 2019-06-24	CAD	56,000	53,675	56,784
3.000%, (floating rate from 2019-10-28), 2024-10-28	CAD	88,000	88,208	89,616
3.420%, (floating rate from 2021-01-26), 2026-01-26	CAD	364,000	365,284	375,921
Canadian Utilities				
4.543%, 2041-10-24	CAD	386,000	402,593	457,245
4.722%, 2043-09-09	CAD	223,000	251,453	272,770
4.085%, 2044-09-02	CAD	91,000	93,197	101,209
3.763%, 2046-11-19	CAD	45,000	45,000	47,931
Capital City Link				
Series A, 4.386%, 2046-03-31	CAD	460,187	412,693	505,901
CHIP Mortgage Trust				
3.663%, 2038-09-25	CAD	626,000	598,829	635,208
Cominar Real Estate Investment Trust				
Series 9, 4.164%, 2022-06-01	CAD	645,000	645,000	633,350
Series 10, 4.247%, 2023-05-23	CAD	342,000	342,190	332,083
CSS (FSCC) Partnership				
6.915%, 2042-07-31	CAD	94,698	109,327	131,822
Enbridge				
7.220%, 2030-07-24	CAD	50,000	52,479	64,984
4.570%, 2044-03-11	CAD	816,000	753,340	835,815
Grand Renewable Solar				
Series 1A, 3.926%, 2035-01-31	CAD	276,562	276,562	276,511
Health Montréal Collective, Private Placement				
Series 144A, 6.721%, 2049-09-30	CAD	1,148,000	1,320,263	1,579,257
Hospital Infrastructure				
Series A, 5.439%, 2045-01-31	CAD	311,819	286,937	369,157
IGM Financial				
3.440%, 2027-01-26	CAD	263,000	262,824	268,231
Integrated Team Solutions SJHC				
5.946%, 2042-11-30	CAD	197,428	182,480	253,975
Laurentian Bank of Canada				
2.750%, 2021-04-22	CAD	115,000	114,755	116,150
Melancthon Wolfe Wind				
3.834%, 2028-12-31	CAD	283,048	283,082	290,418

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

		Par Value	Cost	Fair Value
			\$	\$
North West Redwater Partnership				
Series A, 3.200%, 2024-07-22	CAD	117,000	112,248	120,914
3.200%, 2026-04-24	CAD	234,000	233,502	239,890
Series F, 4.250%, 2029-06-01	CAD	203,000	202,436	221,454
Northland Power Solar Finance Limited Partnership				
Series A, 4.958%, 2032-12-31	CAD	262,097	249,839	294,679
Plenary Properties				
6.288%, 2044-01-31	CAD	572,512	555,579	771,262
Reliance				
Series 2, 5.187%, 2019-03-15	CAD	386,000	377,822	401,997
Royal Bank of Canada				
2.364%, 2017-09-21	CAD	802,000	757,861	804,284
2.260%, 2018-03-12	CAD	515,000	486,798	518,427
2.820%, 2018-07-12	CAD	250,000	239,188	253,516
1.400%, 2019-04-26	CAD	1,095,000	1,094,650	1,092,554
1.583%, 2021-09-13	CAD	29,000	29,000	28,432
3.040%, (floating rate from 2019-07-17), 2024-07-17*	CAD	165,000	158,228	167,955
2.990%, (floating rate from 2019-12-06), 2024-12-06	CAD	1,070,000	1,008,613	1,095,898
2.480%, (floating rate from 2020-06-04), 2025-06-04	CAD	815,000	814,845	818,824
Scotiabank				
2.370%, 2018-01-11*	CAD	1,510,000	1,439,255	1,518,770
2.242%, 2018-03-22	CAD	916,000	865,789	922,143
3.367%, (floating rate from 2020-12-08), 2025-12-08	CAD	637,000	637,000	657,352
SGTP Highway Bypass				
Series A, 4.105%, 2045-01-31	CAD	435,000	435,000	463,977
SNC-Lavalin Innisfree McGill Finance				
6.632%, 2044-06-30	CAD	395,729	417,744	523,973
Teranet Holdings				
3.646%, 2022-11-18	CAD	210,000	210,000	215,091
Teranet Income Fund				
5.754%, 2040-12-17	CAD	560,000	542,786	621,343
6.100%, 2041-06-17	CAD	669,000	636,987	772,494
Toronto-Dominion Bank				
2.447%, 2019-04-02	CAD	805,000	772,170	817,193
2.563%, 2020-06-24	CAD	250,000	239,817	255,618
1.680%, 2021-06-08	CAD	150,000	149,943	148,654
2.692%, (floating rate from 2020-06-24), 2025-06-24	CAD	345,000	345,000	348,914
2.982%, (floating rate from 2020-09-30), 2025-09-30*	CAD	386,000	386,000	393,723
5.763%, (floating rate from 2017-12-18), 2106-12-18	CAD	1,456,000	1,517,281	1,484,365
TransCanada PipeLines				
8.050%, 2039-02-17	CAD	233,000	346,620	369,961
TransCanada Trust				
Series 17-A, 4.650%, (floating rate from 2027-05-18), 2077-05-18	CAD	452,000	452,000	454,548
			<u>25,576,541</u>	<u>27,545,956</u>
TOTAL CANADIAN BONDS			<u>75,535,529</u>	<u>80,249,358</u>

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

DFS GIF – INCOME – FIERA CAPITAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Par Value	Cost	Fair Value
		\$	\$
U.S. BONDS (0.2%)			
Sinai Health System Series A, 3.527%, 2056-06-09	CAD 151,000	151,000	148,444
TOTAL DES OBLIGATIONS		<u>75,686,529</u>	<u>80,397,802</u>
INVESTMENT FUNDS (10.3%)			
Fiera Active Short Term Canadian Municipal Bond Fund	918,384	9,186,394	9,228,840
MONEY MARKET SECURITIES (0.2%)			
Canada Treasury Bills 2017-09-07	CAD 220,000	219,776	219,776
TOTAL INVESTMENTS (100.1%)		<u>85,092,699</u>	<u>89,846,418</u>
OTHER NET ASSETS (-0.1%)			<u>(89,755)</u>
NET ASSETS (100%)			<u>89,756,663</u>

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

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Government of Canada, 1.00%, June 1, 2027	12.6%
Fiera Active Short Term Canadian Municipal Bond Fund	10.3%
Province of Ontario, 2.85%, June 2, 2023	8.7%
Province of Ontario, 3.50%, June 2, 2024	4.6%
Government of Canada, 2.75%, June 1, 2022	4.4%
Province of Ontario, 2.80%, June 2, 2048	3.6%
Province of Ontario, 3.15%, June 2, 2022	2.9%
Royal Office Finance, 5.209%, November 12, 2032	2.5%
Province of Quebec, 3.50%, December 1, 2045	2.3%
Government of Canada, 2.75%, December 1, 2048	2.0%
Province of Quebec, 2.75%, September 1, 2025	2.0%
Province of Ontario, 2.60%, June 2, 2025	1.9%
Health Montréal Collective, 6.721%, September 30, 2049	1.8%
Province of Ontario, 2.90%, December 2, 2046	1.7%
Scotiabank, 2.37%, January 11, 2018	1.7%
Toronto-Dominion Bank, 5.763%, December 18, 2106	1.7%
TCHC, 5.395%, February 22, 2040	1.3%
Royal Bank of Canada, 2.99%, December 6, 2024	1.2%
Royal Bank of Canada, 1.40 %, April 26, 2019	1.2%
Province of Quebec, 4.25%, December 1, 2043	1.1%
Scotiabank, 2.242%, March 22, 2018	1.0%
Caisse centrale Desjardins, 2.443%, July 17, 2019	1.0%
Enbridge, 4.57%, March 11, 2044	0.9%
Royal Bank of Canada, 2.48%, June 4, 2025	0.9%
Toronto-Dominion Bank, 2.447%, April 2, 2019	0.9%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Bonds	51,841,782	28,556,020	-	80,397,802
Investment Funds	-	9,228,840	-	9,228,840
Money Market Securities	219,776	-	-	219,776
TOTAL	52,061,558	37,784,860	-	89,846,418

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 periods ended June 30, 2017 and December 31, 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.

DFS GIF – INCOME – FIERA CAPITAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

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

As at June 30, 2017 and December 31, 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

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
	\$	\$	\$	\$	\$	\$
June 30, 2017	6,575,236	16,749,755	29,453,979	27,801,464	80,580,434	1,604,252
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

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

June 30, 2017		December 31, 2016	
Market Segment	%	Market Segment	%
Canadian Bonds		Canadian Bonds	
Provincial Governments and Crown Corporations	35.1	Corporations	36.9
Corporations	30.7	Provincial Governments and Crown Corporations	32.4
Government of Canada	23.6	Government of Canada	19.9
U.S. Bonds	0.2	U.S. Bonds	0.1
Income Investment Funds	10.3	Income Investment Fund	9.2
Money Market Securities	0.2	Money Market Securities	0.8
Other Net Assets	(0.1)	Asset-Backed Securities	0.7
TOTAL	100	Mortgage-Backed Securities	0.2
		Other Net Assets	(0.2)
		TOTAL	100

Price Risk

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

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	%	\$	\$
FTSE TMX Canada Universe	1.00	833,909	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.

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Credit Risk

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 June 30, 2017	Percentage of Fixed-Income Securities December 31, 2016
	%	%
AAA	30	26
AA	42	39
A	16	21
BBB	12	14
TOTAL	100	100

Securities Lending and Repurchase Transactions

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

The carrying amount of financial assets pledged as collateral for liabilities is:

	\$
June 30, 2017	21,469,296
December 31, 2016	13,449,419

The fair value of the financial assets held as collateral that the fund is permitted to sell or repledge in the absence of default totalled:

	\$
June 30, 2017	8,244,260
December 31, 2016	9,655,994

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

	\$
June 30, 2017	711,786
December 31, 2016	-

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

Liquidity Risk

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 – FIERA CAPITAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

DERECOGNITION OF FINANCIAL ASSETS**Securities Lending and Repurchase Transactions**

As part of transactions involving securities lending or repurchase agreements, 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.

	June 30, 2017	December 31, 2016
	\$	\$
Investments at FVTPL pledged as collateral	25,578,977	14,399,694
Value of Collateral securities	26,090,728	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.

	June 30, 2017	December 31, 2016
	Fair Value*	Fair Value*
	\$	\$
Financial assets	22,181,371	13,449,419
Related liabilities	22,367,416	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.

	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
	\$	%	\$	%
Gross Income	14,547	100	17,052	100
Net Income received by DFS GIF - Income - Fiera Capital	8,728	60	10,232	60
Net Income received by Desjardins Trust	5,819	40	6,820	40

DFS GIF – CANADIAN BOND

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	94,227	6,230
Investments at fair value through profit or loss (FVTPL)	38,557,926	40,138,962
Premiums receivable	3,060	166,413
Receivable for securities sold	85,461	58,765
	<u>38,740,674</u>	<u>40,370,370</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	61,347	63,066
Withdrawals payable	168,021	269,234
Payable for securities purchased	81,308	—
	<u>310,676</u>	<u>332,300</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>38,429,998</u>	<u>40,038,070</u>
NET ASSETS PER UNIT		
Series 5	<u>5.11</u>	5.04
Series 6	<u>5.13</u>	5.05
Series 7	<u>5.17</u>	5.08

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	—	6,497
Distributions from underlying funds	505,496	524,578
Changes in fair value:		
Net realized gain (loss) on investments	4,142	35,017
Net unrealized gain (loss) on investments	403,336	1,158,406
	<u>912,974</u>	<u>1,724,498</u>
EXPENSES		
Management fees and guarantee charge	250,903	272,298
Operating expenses	120,294	135,608
	<u>371,197</u>	<u>407,906</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>541,777</u>	<u>1,316,592</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	453,736	1,197,882
- per unit	0.07	0.16
Average Number of Units	6,499,111	7,558,304
SERIES 6		
Increase (Decrease) in Net Assets from Operations	84,640	113,210
- per unit	0.07	0.18
Average Number of Units	1,173,404	635,753
SERIES 7		
Increase (Decrease) in Net Assets from Operations	3,401	5,500
- per unit	0.09	0.18
Average Number of Units	37,931	30,934

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

DFS GIF – CANADIAN BOND (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>40,038,070</u>	41,173,371
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>541,777</u>	1,316,592
Premiums		
Series 5	1,576,282	2,333,407
Series 6	1,674,638	1,316,310
Series 7	88,059	—
	<u>3,338,979</u>	3,649,717
Withdrawals		
Series 5	(4,666,132)	(3,818,936)
Series 6	(746,675)	(100,349)
Series 7	(76,021)	(315)
	<u>(5,488,828)</u>	(3,919,600)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>38,429,998</u>	42,220,080

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	541,777	1,316,592
Adjustments for:		
Net realized gain (loss)	(4,142)	(35,017)
Net unrealized gain (loss)	(403,336)	(1,158,406)
Non-cash distribution from investments	(505,496)	(524,578)
Proceeds from sale/maturity of investments	3,712,189	2,476,271
Investments purchased	(1,218,179)	(1,800,448)
Receivable for securities sold	(26,696)	47,928
Accrued expenses	(1,719)	1,286
Payable for securities purchased	81,308	18,868
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>2,175,706</u>	342,496
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	3,502,332	3,593,177
Amounts paid on withdrawals	(5,590,041)	(3,921,845)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>(2,087,709)</u>	(328,668)
Increase (decrease) in cash/ bank overdraft	87,997	13,828
Cash (bank overdraft), beginning of period	<u>6,230</u>	(14,263)
CASH (BANK OVERDRAFT), END OF PERIOD	<u>94,227</u>	(435)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>—</u>	3

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
DGIA Canadian Bond Fund	3,784,786	38,546,122	38,557,926
Total Investments		38,546,122	38,557,926
Other Net Assets (-0.3%)			(127,928)
Net Assets (100%)			38,429,998

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%, December 15, 2020	7.1%
Canada Housing Trust, 1.25%, June 15, 2021	6.2%
Government of Canada, 1.00%, June 1, 2027	6.1%
Province of Ontario, 2.85%, June 2, 2023	3.8%
Financement-Québec, 2.45%, December 1, 2019	3.7%
Government of Canada, 5.75%, June 1, 2029	2.7%
Province of Ontario, 3.15%, June 2, 2022	2.6%
Government of Canada, 3.50%, December 1, 2045	2.4%
Royal Bank of Canada, 2.77%, December 11, 2018	2.3%
Province of Ontario, 2.60%, June 2, 2025	2.3%
Scotiabank, 2.40%, October 28, 2019	2.2%
Province of Ontario, 6.50%, March 8, 2029	2.0%
Bank of Montréal, 2.43%, March 4, 2019	1.8%
Canada Housing Trust, 2.00%, December 15, 2019	1.8%
Province of Quebec, 3.50%, December 1, 2045	1.7%
Scotiabank, 2.75%, August 13, 2018	1.7%
Province of Ontario, 4.65%, June 2, 2041	1.6%
Toronto-Dominion Bank, 2.447%, April 2, 2019	1.6%
Toronto-Dominion Bank, 1.994%, March 23, 2022	1.5%
Province of Ontario, 2.60%, June 2, 2027	1.4%
Royal Bank of Canada, 1.92%, July 17, 2020	1.4%
Canadian Imperial Bank of Commerce, 1.66%, January 20, 2020	1.4%
Province of British Columbia, 2.80%, June 18, 2048	1.3%
Province of Ontario, 3.45%, June 2, 2045	1.2%
Financement-Québec, 5.25%, June 1, 2034	1.1%

DFS GIF – CANADIAN BOND (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	38,557,926	—	38,557,926
TOTAL	—	38,557,926	—	38,557,926

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe	1.00	384,300	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	40,306
Investments at fair value through profit or loss (FVTPL)	192,907,425	200,163,092
Premiums receivable	207,625	172,271
Receivable for securities sold	209,052	121,686
	193,324,102	200,497,355
LIABILITIES		
Current Liabilities		
Bank overdraft	97,055	—
Accrued expenses	466,578	476,436
Withdrawals payable	661,232	506,981
Payable for securities purchased	—	99,805
	1,224,865	1,083,222
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	192,099,237	199,414,133
NET ASSETS PER UNIT		
Series 3	7.42	7.29
Series 5	7.57	7.44
Series 6	5.38	5.28
Series 7	5.48	5.36

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(522)	—
Changes in fair value:		
Net realized gain (loss) on investments	2,415,693	1,387,632
Net unrealized gain (loss) on investments	3,993,700	1,634,685
	6,408,871	3,022,317
EXPENSES		
Management fees and guarantee charge	2,298,393	2,283,718
Operating expenses	522,295	540,091
	2,820,688	2,823,809
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	3,588,183	198,508
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	94,011	(10,288)
- per unit	0.13	(0.01)
Average Number of Units	749,970	856,543
SERIES 5		
Increase (Decrease) in Net Assets from Operations	2,836,696	79,912
- per unit	0.14	—
Average Number of Units	20,482,801	22,659,326
SERIES 6		
Increase (Decrease) in Net Assets from Operations	577,434	115,830
- per unit	0.10	0.03
Average Number of Units	5,872,787	4,355,693
SERIES 7		
Increase (Decrease) in Net Assets from Operations	80,042	13,054
- per unit	0.11	0.03
Average Number of Units	754,023	506,105

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	199,414,133	200,348,833
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,588,183	198,508
Premiums		
Series 3	263,129	541,665
Series 5	7,808,683	8,343,613
Series 6	4,053,981	6,333,197
Series 7	884,264	436,944
	13,010,057	15,655,419
Withdrawals		
Series 3	(544,863)	(977,050)
Series 5	(20,515,989)	(15,260,107)
Series 6	(2,778,806)	(1,091,938)
Series 7	(73,478)	(28,249)
	(23,913,136)	(17,357,344)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	192,099,237	198,845,416

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,588,183	198,508
Adjustments for:		
Net realized gain (loss)	(2,415,693)	(1,387,632)
Net unrealized gain (loss)	(3,993,700)	(1,634,685)
Proceeds from sale/maturity of investments	15,951,803	10,955,344
Investments purchased	(2,286,743)	(6,551,966)
Receivable for securities sold	(87,366)	(52,021)
Accrued expenses	(9,858)	(8,023)
Payable for securities purchased	(99,805)	507,319
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	10,646,821	2,026,844
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	12,974,703	15,120,818
Amounts paid on withdrawals	(23,758,885)	(17,170,585)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(10,784,182)	(2,049,767)
Increase (decrease) in cash/ bank overdraft	(137,361)	(22,923)
Cash (bank overdraft), beginning of period	40,306	(37,246)
CASH (BANK OVERDRAFT), END OF PERIOD	(97,055)	(60,169)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	522	—

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

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.4%)		\$	\$
Franklin Quotential Diversified Income Portfolio	25,618,516	162,127,402	192,907,425
Total Investments		162,127,402	192,907,425
Other Net Assets (-0.4%)			(808,188)
Net Assets (100%)			192,099,237

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	27.7%
Franklin Strategic Income Fund	11.6%
Franklin Bissett Canadian Short Term Bond Fund	8.7%
Templeton Global Bond Fund	8.6%
Franklin Bissett Canadian Government Fund	6.7%
Franklin Bissett Canadian Dividend Fund	6.2%
Cash and Cash Equivalents	4.4%
Franklin U.S. Low Duration Fund	3.9%
Franklin U.S. Rising Dividends Fund	3.5%
Franklin ActiveQuant Canadian Fund	2.8%
Franklin Mutual European Fund	2.6%
Franklin U.S. Core Equity Fund	2.4%
iShares S&P/TSX 60 Index ETF	2.2%
Templeton Emerging Markets Fund	2.0%
Franklin Global Listed Infrastructure Fund	1.5%
Franklin Global Real Estate Fund	1.5%
BMO MSCI Europe High Quality Hedged to CAD Index ETF	1.1%
Franklin Japan Fund	1.0%
S&P Depository Receipt Gold Trust ETF	1.0%
iShares MSCI Japan ETF	0.7%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	192,907,425	—	—	192,907,425
TOTAL	192,907,425	—	—	192,907,425

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (55%)	1.00	1,250,578	1,220,923
Bloomberg Barclays Multiverse Bond (25%)	1.00	568,445	554,965
S&P/TSX (15%)	3.00	1,023,200	998,937
MSCI All Country World Net (5%)	3.00	341,067	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 INCOME – FRANKLIN QUOTENTIAL

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	52,403	—
Investments at fair value through profit or loss (FVTPL)	248,242,841	252,666,664
Premiums receivable	122,181	100,579
Receivable for securities sold	312,099	413,617
	<u>248,729,524</u>	<u>253,180,860</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	9,852
Accrued expenses	614,669	614,329
Withdrawals payable	661,207	704,383
Payable for securities purchased	—	4,329
	<u>1,275,876</u>	<u>1,332,893</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>247,453,648</u>	<u>251,847,967</u>
NET ASSETS PER UNIT		
Series 3	<u>6.85</u>	6.72
Series 5	<u>7.04</u>	6.90
Series 6	<u>5.57</u>	5.45
Series 7	<u>5.65</u>	5.51

STATEMENT OF COMPREHENSIVE
INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(602)	—
Changes in fair value:		
Net realized gain (loss) on investments	3,301,967	2,491,173
Net unrealized gain (loss) on investments	5,646,343	(3,202,569)
	<u>8,947,708</u>	<u>(711,396)</u>
EXPENSES		
Management fees and guarantee charge	2,984,055	2,942,958
Operating expenses	711,514	713,753
	<u>3,695,569</u>	<u>3,656,711</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>5,252,139</u>	<u>(4,368,107)</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	168,869	(182,638)
- per unit	0.13	(0.13)
Average Number of Units	1,263,921	1,418,577
SERIES 5		
Increase (Decrease) in Net Assets from Operations	4,452,586	(3,899,071)
- per unit	0.15	(0.12)
Average Number of Units	30,443,046	32,702,065
SERIES 6		
Increase (Decrease) in Net Assets from Operations	516,769	(206,475)
- per unit	0.12	(0.06)
Average Number of Units	4,420,165	3,496,091
SERIES 7		
Increase (Decrease) in Net Assets from Operations	113,915	(79,923)
- per unit	0.13	(0.08)
Average Number of Units	860,443	978,996

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

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>251,847,967</u>	258,920,382
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>5,252,139</u>	(4,368,107)
Premiums		
Series 3	246,168	461,263
Series 5	8,369,082	9,791,470
Series 6	3,385,652	5,420,730
Series 7	65,646	12,667
	<u>12,066,548</u>	15,686,130
Withdrawals		
Series 3	(555,775)	(1,145,980)
Series 5	(18,982,188)	(17,783,659)
Series 6	(2,122,103)	(899,770)
Series 7	(52,940)	(590,754)
	<u>(21,713,006)</u>	(20,420,163)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>247,453,648</u>	249,818,242

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	5,252,139	(4,368,107)
Adjustments for:		
Net realized gain (loss)	(3,301,967)	(2,491,173)
Net unrealized gain (loss)	(5,646,343)	3,202,569
Proceeds from sale/maturity of investments	14,552,641	12,285,628
Investments purchased	(1,180,508)	(3,902,896)
Receivable for securities sold	101,518	(99,378)
Accrued expenses	340	(20,324)
Payable for securities purchased	(4,329)	(114,512)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>9,773,491</u>	4,491,807
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	12,044,946	15,654,934
Amounts paid on withdrawals	(21,756,182)	(20,083,074)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>(9,711,236)</u>	(4,428,140)
Increase (decrease) in cash/ bank overdraft	62,255	63,667
Cash (bank overdraft), beginning of period	(9,852)	(12,448)
CASH (BANK OVERDRAFT), END OF PERIOD	<u>52,403</u>	51,219
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>602</u>	—

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Quotential Balanced Income Portfolio	25,202,319	190,852,709	248,242,841
Total Investments		190,852,709	248,242,841
Other Net Assets (-0.3%)			(789,193)
Net Assets (100%)			247,453,648

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	29.0%
Franklin Strategic Income Fund	7.6%
Templeton Global Bond Fund	6.1%
Franklin Bissett Canadian Equity Fund	5.2%
Franklin Bissett Canadian Government Fund	4.9%
Franklin U.S. Core Equity Fund	4.1%
Franklin ActiveQuant Canadian Fund	3.8%
Franklin Mutual European Fund	3.7%
Franklin U.S. Rising Dividends Fund	3.6%
Franklin U.S. Low Duration Fund	3.3%
Franklin Templeton Canadian Large Cap Fund	3.2%
Franklin Bissett Canadian Short Term Bond Fund	2.7%
Franklin U.S. Opportunities Fund	2.5%
iShares Russell 1000 Value ETF	2.2%
BMO MSCI Europe High Quality Hedged to CAD Index ETF	2.1%
Templeton Asian Growth Fund	2.1%
Franklin Japan Fund	1.9%
Franklin Bissett Small Cap Fund	1.5%
iShares S&P/TSX 60 Index ETF	1.5%
S&P Depositary Receipt EURO STOXX 50 ETF	1.3%
iShares MSCI Japan ETF	1.3%
S&P Depositary Receipt Gold Trust ETF	1.0%
Templeton Emerging Markets Smaller Companies Fund	0.8%
iShares Core MSCI Emerging Markets ETF	0.6%
Templeton Frontier Markets Fund	0.5%

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	248,242,841	—	—	248,242,841
TOTAL	248,242,841	—	—	248,242,841
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (45%)	1.00	1,339,964	1,340,927
Bloomberg Barclays Multiverse Bond (15%)	1.00	446,655	446,976
S&P/TSX (20%)	3.00	1,786,619	1,787,902
MSCI All Country World Net (20%)	3.00	1,786,619	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	845,856,634	878,642,563
Premiums receivable	420,731	910,928
Receivable for securities sold	1,214,751	571,131
	847,492,116	880,124,622
LIABILITIES		
Current Liabilities		
Bank overdraft	106,704	137,055
Accrued expenses	2,119,415	2,163,067
Withdrawals payable	2,459,354	2,036,216
Payable for securities purchased	—	19,774
	4,685,473	4,356,112
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	842,806,643	875,768,510
NET ASSETS PER UNIT		
Series 3	9.41	9.33
Series 5	9.73	9.62
Series 6	5.80	5.73
Series 7	5.90	5.81

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(2,087)	—
Distributions from underlying funds	12,771,194	13,081,249
Changes in fair value:		
Net realized gain (loss) on investments	8,864,836	6,054,442
Net unrealized gain (loss) on investments	1,667,834	13,256,991
	23,301,777	32,392,682
EXPENSES		
Management fees and guarantee charge	10,389,689	10,211,171
Operating expenses	2,506,636	2,488,959
	12,896,325	12,700,130
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	10,405,452	19,692,552
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	111,172	224,702
- per unit	0.10	0.19
Average Number of Units	1,150,675	1,192,965
SERIES 5		
Increase (Decrease) in Net Assets from Operations	9,849,083	18,725,184
- per unit	0.12	0.21
Average Number of Units	83,698,921	89,852,384
SERIES 6		
Increase (Decrease) in Net Assets from Operations	419,205	708,072
- per unit	0.06	0.14
Average Number of Units	6,682,459	4,958,002
SERIES 7		
Increase (Decrease) in Net Assets from Operations	25,992	34,594
- per unit	0.07	0.14
Average Number of Units	374,440	243,609

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	875,768,510	879,404,824
Increase (Decrease) in Net Assets from operations attributable to contract owners	10,405,452	19,692,552
Premiums		
Series 3	875,740	1,226,399
Series 5	40,485,102	43,790,156
Series 6	7,731,946	5,574,468
Series 7	823,840	315,718
	49,916,628	50,906,741
Withdrawals		
Series 3	(1,466,839)	(1,561,530)
Series 5	(88,740,823)	(70,798,840)
Series 6	(3,009,027)	(2,335,018)
Series 7	(67,258)	(503,386)
	(93,283,947)	(75,198,774)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	842,806,643	874,805,343

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	10,405,452	19,692,552
Adjustments for:		
Net realized gain (loss)	(8,864,836)	(6,054,442)
Net unrealized gain (loss)	(1,667,834)	(13,256,991)
Non-cash distribution from investments	(12,771,194)	(13,081,249)
Proceeds from sale/maturity of investments	56,981,782	39,394,959
Investments purchased	(891,989)	(2,570,402)
Receivable for securities sold	(643,620)	(17,211)
Accrued expenses	(43,652)	(26,938)
Payable for securities purchased	(19,774)	(575,585)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	42,484,335	23,504,693
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	50,406,825	51,259,442
Amounts paid on withdrawals	(92,860,809)	(74,562,835)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(42,453,984)	(23,303,393)
Increase (decrease) in cash/bank overdraft	30,351	201,300
Cash (bank overdraft), beginning of period	(137,055)	102,954
CASH (BANK OVERDRAFT), END OF PERIOD	(106,704)	304,254
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	2,087	—

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

DFS GIF – CANADIAN BALANCED – FIDELITY (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.4%)		\$	\$
Fidelity Canadian Balanced Fund, Series O	37,381,468	723,310,181	845,856,634
Total Investments		723,310,181	845,856,634
Other Net Assets (-0.4%)			(3,049,991)
Net Assets (100%)			842,806,643

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

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Restaurant Brands International	3.3%
Toronto-Dominion Bank	3.1%
Scotiabank	3.1%
Canadian Pacific Railway	2.3%
Brookfield Asset Management	2.2%
Enbridge	2.2%
CGI Group	2.1%
Rogers Communications, Class B	2.1%
Royal Bank of Canada	2.0%
Waste Connections	1.8%
Suncor Energy	1.8%
Alimentation Couche-Tard	1.5%
Constellation Software	1.3%
EOG Resources	1.1%
Dollarama	1.1%
CCL Industries	1.1%
Agnico-Eagle Mines Ltd	1.0%
Manulife Financial Corporation	1.0%
Alphabet, Class C	0.9%
Province of Ontario, 2.85%, June 2, 2023	0.9%
Methanex Corporation	0.9%
First Quantum Minerals	0.9%
Parkland Fuel Corporation	0.9%
Canada Housing Trust, 1.50%, December 15, 2021	0.8%
Government of Canada, 2.75%, December 1, 2048	0.7%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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 objective of the Fund is to provide investors with a balanced asset mix with the potential for capital growth.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	845,856,634	—	—	845,856,634
TOTAL	845,856,634	—	—	845,856,634

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – CANADIAN BALANCED – FIDELITY (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (40%)	1.00	3,524,627	3,492,586
Merrill Lynch High Yield Master II (10%)	2.00	1,762,314	1,746,293
S&P/TSX Capped (50%)	3.00	13,217,353	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 – U.S. MONTHLY INCOME – FIDELITY

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	32,659	—
Investments at fair value through profit or loss (FVTPL)	12,263,663	9,226,163
Premiums receivable	17,692	113,114
Receivable for securities sold	10,349	14,695
	<u>12,324,363</u>	<u>9,353,972</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	14,695
Accrued expenses	29,237	21,190
Withdrawals payable	25,305	34,741
Payable for securities purchased	38,778	41,570
	<u>93,320</u>	<u>112,196</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>12,231,043</u>	<u>9,241,776</u>
NET ASSETS PER UNIT		
Series 5	<u>5.49</u>	5.54
Series 6	<u>5.49</u>	5.54
Series 7	<u>5.55</u>	5.58

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	106,135	57,019
Changes in fair value:		
Net realized gain (loss) on investments	31,204	(8,642)
Net unrealized gain (loss) on investments	(133,807)	(17,769)
	<u>3,532</u>	<u>30,608</u>
EXPENSES		
Management fees and guarantee charge	142,624	73,755
Operating expenses	11,956	6,147
	<u>154,580</u>	<u>79,902</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(151,048)</u>	<u>(49,294)</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>(33,061)</u>	(33,902)
- per unit	<u>(0.06)</u>	(0.08)
Average Number of Units	<u>532,974</u>	450,044
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>(101,985)</u>	(9,353)
- per unit	<u>(0.08)</u>	(0.02)
Average Number of Units	<u>1,216,710</u>	536,493
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>(16,002)</u>	(6,039)
- per unit	<u>(0.09)</u>	(0.06)
Average Number of Units	<u>176,675</u>	99,920

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

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>9,241,776</u>	2,636,157
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(151,048)</u>	(49,294)
Premiums		
Series 5	889,910	2,132,633
Series 6	2,911,816	2,167,131
Series 7	<u>724,661</u>	<u>392,268</u>
	<u>4,526,387</u>	4,692,032
Withdrawals		
Series 5	(731,482)	(215,597)
Series 6	(619,052)	(207,063)
Series 7	<u>(35,538)</u>	<u>(68,108)</u>
	<u>(1,386,072)</u>	(490,768)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>12,231,043</u>	6,788,127

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(151,048)	(49,294)
Adjustments for:		
Net realized gain (loss)	(31,204)	8,642
Net unrealized gain (loss)	133,807	17,769
Non-cash distribution from investments	(106,135)	(57,019)
Proceeds from sale/maturity of investments	757,024	176,341
Investments purchased	(3,790,992)	(4,308,705)
Receivable for securities sold	4,346	(65)
Accrued expenses	8,047	10,255
Payable for securities purchased	<u>(2,792)</u>	<u>(39,815)</u>
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(3,178,947)</u>	(4,241,891)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	4,621,809	4,720,480
Amounts paid on withdrawals	<u>(1,395,508)</u>	<u>(489,992)</u>
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>3,226,301</u>	4,230,488
Increase (decrease) in cash/ bank overdraft	47,354	(11,403)
Cash (bank overdraft), beginning of period	<u>(14,695)</u>	11,337
CASH (BANK OVERDRAFT), END OF PERIOD	<u>32,659</u>	(66)

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Fidelity U.S. Monthly Income Fund, Series O	528,069	12,008,084	12,263,663
Total Investments		12,008,084	12,263,663
Other Net Assets (-0.3%)			(32,620)
Net Assets (100%)			12,231,043

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	2.0%
JPMorgan Chase & Company	1.9%
Cisco Systems	1.2%
U.S. Treasury Note, 1.25 %, October 31, 2021	1.1%
Williams Companies	1.1%
Johnson & Johnson	1.1%
Procter & Gamble Company	1.0%
Freddie Mac, 3.50%, 30 Year	1.0%
Chevron Corporation	0.9%
Chubb	0.9%
Bank of America Corporation	0.9%
U.S. Treasury Notes, 0.375%, July 15, 2025	0.9%
U.S. Treasury Bills, 3.00%, February, 2047	0.9%
General Electric Company	0.8%
Comcast Corporation	0.8%
United Technologies Corporation	0.8%
US Bancorp	0.8%
Wells Fargo & Company	0.8%
M&T Bank Corporation	0.7%
U.S. Treasury Notes, 1.75%, June 30, 2022	0.6%
Medtronic	0.6%
Freddie Mac, 4.00%, 30 Year	0.6%
Qualcomm	0.6%
Verizon Communications	0.6%
Fannie Mae, 3.00%, 30 Year	0.6%

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	12,263,663	—	—	12,263,663
TOTAL	12,263,663	—	—	12,263,663

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable
		to Contract Owners	to Contract Owners
		June 30, 2017	December 31, 2016
	%	\$	\$
Benchmarks			
Bloomberg Barclays U.S. Aggregate Bond (31%)	1.50	56,874	42,974
Bank of America ML all US Convertibles (5%)	1.50	9,173	6,931
Bank of America ML High Yield Master II Constrained (12%)	2.00	29,355	22,180
JP Morgan EMBI Global Diversified (5%)	2.00	12,231	9,242
Russell 3000 Value (40%)	3.00	146,773	110,901
FTSE NAREIT Equity REITs (7%)	3.00	25,685	19,408

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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	9,585
Investments at fair value through profit or loss (FVTPL)	19,129,898	15,688,599
Premiums receivable	11,745	1,091
Receivable for securities sold	547	—
	<u>19,142,190</u>	<u>15,699,275</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	532	—
Accrued expenses	42,671	34,371
Withdrawals payable	33,863	11,887
Payable for securities purchased	7,782	10,548
	<u>84,848</u>	<u>56,806</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>19,057,342</u>	<u>15,642,469</u>
NET ASSETS PER UNIT		
Series 5	<u>5.30</u>	5.19
Series 6	<u>5.31</u>	5.20
Series 7	<u>5.35</u>	5.23

STATEMENT OF COMPREHENSIVE
INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(63)	4
Changes in fair value:		
Net realized gain (loss) on investments	8,483	(12,106)
Net unrealized gain (loss) on investments	565,060	195,351
	<u>573,480</u>	<u>183,249</u>
EXPENSES		
Management fees and guarantee charge	201,084	110,919
Operating expenses	34,174	25,328
	<u>235,258</u>	<u>136,247</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>338,222</u>	<u>47,002</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	147,185	845
- per unit	0.11	—
Average Number of Units	1,374,154	1,411,926
SERIES 6		
Increase (Decrease) in Net Assets from Operations	151,780	37,297
- per unit	0.10	0.08
Average Number of Units	1,514,610	490,072
SERIES 7		
Increase (Decrease) in Net Assets from Operations	39,257	8,860
- per unit	0.09	0.14
Average Number of Units	440,803	61,112

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	15,642,469	8,212,944
Increase (Decrease) in Net Assets from operations attributable to contract owners	338,222	47,002
Premiums		
Series 5	528,574	581,267
Series 6	1,856,443	2,821,515
Series 7	1,721,933	462,848
	4,106,950	3,865,630
Withdrawals		
Series 5	(572,798)	(480,135)
Series 6	(357,785)	(179,552)
Series 7	(99,716)	(39,669)
	(1,030,299)	(699,356)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	19,057,342	11,426,220

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	338,222	47,002
Adjustments for:		
Net realized gain (loss)	(8,483)	12,106
Net unrealized gain (loss)	(565,060)	(195,351)
Proceeds from sale/maturity of investments	560,565	254,128
Investments purchased	(3,428,321)	(3,389,827)
Receivable for securities sold	(547)	349
Accrued expenses	8,300	6,447
Payable for securities purchased	(2,766)	290,760
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(3,098,090)	(2,974,386)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	4,096,296	3,595,670
Amounts paid on withdrawals	(1,008,323)	(607,877)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	3,087,973	2,987,793
Increase (decrease) in cash/ bank overdraft	(10,117)	13,407
Cash (bank overdraft), beginning of period	9,585	(355)
CASH (BANK OVERDRAFT), END OF PERIOD	(532)	13,052
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	63	—

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

DFS GIF – BALANCED – DESJARDINS SOCIETERRA (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.4%)		\$	\$
SocieTerra Balanced Portfolio, I-Class	1,918,938	18,681,149	19,129,898
Total Investments		18,681,149	19,129,898
Other Net Assets (-0.4%)			(72,556)
Net Assets (100%)			19,057,342

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	47.2%
NEI Ethical Canadian Equity Fund	12.0%
Desjardins SocieTerra American Equity Fund	11.9%
NEI Ethical International Equity Fund	11.6%
Desjardins SocieTerra Environment Fund	7.6%
Desjardins SocieTerra Environmental Bond Fund	5.2%
NEI Ethical Special Equity Fund	2.6%
Desjardins SocieTerra Cleantech Fund	1.7%
Cash and Cash Equivalents	0.2%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	19,129,898	—	—	19,129,898
TOTAL	19,129,898	—	—	19,129,898

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – BALANCED – DESJARDINS SOCIETERRA (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable
		to Contract Owners	to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (55%)	1.00	104,815	86,034
S&P/TSX (14%)	3.00	80,041	65,698
MSCI World Net (31%)	3.00	177,233	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 BALANCED – JARISLOWSKY FRASER

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	183,748	828,727
Investments at fair value through profit or loss (FVTPL)	248,240,958	238,765,804
Premiums receivable	558,722	981,144
	<u>248,983,428</u>	<u>240,575,675</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	593,998	558,452
Withdrawals payable	1,099,866	763,626
Payable for securities purchased	—	671,418
	<u>1,693,864</u>	<u>1,993,496</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>247,289,564</u>	<u>238,582,179</u>
NET ASSETS PER UNIT		
Series 3	<u>8.37</u>	8.22
Series 5	<u>8.78</u>	8.60
Series 6	<u>5.40</u>	5.29
Series 7	<u>5.44</u>	5.31

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(492)	—
Distributions from underlying funds	3,083,175	2,883,897
Changes in fair value:		
Net realized gain (loss) on investments	1,303,013	697,284
Net unrealized gain (loss) on investments	4,133,721	(2,715,882)
	<u>8,519,417</u>	<u>865,299</u>
EXPENSES		
Management fees and guarantee charge	2,584,623	2,206,777
Operating expenses	897,899	841,512
	<u>3,482,522</u>	<u>3,048,289</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>5,036,895</u>	<u>(2,182,990)</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	172,972	(151,420)
- per unit	0.16	(0.12)
Average Number of Units	1,105,501	1,243,549
SERIES 5		
Increase (Decrease) in Net Assets from Operations	4,030,715	(2,179,109)
- per unit	0.18	(0.09)
Average Number of Units	22,071,943	23,065,809
SERIES 6		
Increase (Decrease) in Net Assets from Operations	724,283	138,375
- per unit	0.10	0.05
Average Number of Units	6,976,047	3,008,101
SERIES 7		
Increase (Decrease) in Net Assets from Operations	108,925	9,164
- per unit	0.12	0.05
Average Number of Units	929,065	202,988

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

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>238,582,179</u>	204,256,452
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>5,036,895</u>	(2,182,990)
Premiums		
Series 3	325,289	687,938
Series 5	11,277,633	27,944,123
Series 6	9,703,792	13,268,697
Series 7	<u>1,207,093</u>	881,033
	<u>22,513,807</u>	42,781,791
Withdrawals		
Series 3	(808,090)	(863,233)
Series 5	(16,372,406)	(19,964,318)
Series 6	(1,593,931)	(717,609)
Series 7	<u>(68,890)</u>	(69,664)
	<u>(18,843,317)</u>	(21,614,824)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>247,289,564</u>	223,240,429

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	5,036,895	(2,182,990)
Adjustments for:		
Net realized gain (loss)	(1,303,013)	(697,284)
Net unrealized gain (loss)	(4,133,721)	2,715,882
Non-cash distribution from investments	(3,083,175)	(2,883,897)
Proceeds from sale/maturity of investments	13,684,700	4,706,498
Investments purchased	(14,639,945)	(23,231,223)
Accrued expenses	35,546	46,238
Payable for securities purchased	(671,418)	(5,274)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(5,074,131)</u>	(21,532,050)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	22,936,229	42,592,486
Amounts paid on withdrawals	(18,507,077)	(21,201,890)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>4,429,152</u>	21,390,596
Increase (decrease) in cash/ bank overdraft	(644,979)	(141,454)
Cash (bank overdraft), beginning of period	<u>828,727</u>	732,788
CASH (BANK OVERDRAFT), END OF PERIOD	<u>183,748</u>	591,334
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>492</u>	—

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.4%)		\$	\$
Jarislowsky Fraser Global Balanced Fund	18,401,987	208,048,239	248,240,958
Total Investments		208,048,239	248,240,958
Other Net Assets (-0.4%)			(951,394)
Net Assets (100%)			247,289,564

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	20.1%
Province of Ontario, 2.40%, June 2, 2026	2.2%
Toronto-Dominion Bank	1.9%
Royal Bank of Canada	1.6%
Jarislowsky Fraser Special Equity Fund	1.5%
Scotiabank	1.5%
Government of Canada, 1.50%, June 1, 2026	1.3%
Government of Canada, 1.20%, June 15, 2020	1.3%
Enbridge	1.3%
Canadian National Railway Company	1.2%
Canada Housing Trust, 1.15%, December 15, 2021	1.1%
Microsoft Corporation	1.0%
National Bank of Canada, 2.794%, August 9, 2018	1.0%
Canadian Natural Resources	0.9%
Manulife Financial Corporation	0.9%
Royal Bank of Canada, 2.03%, March 15, 2021	0.9%
Province of Ontario, 2.85%, June 2, 2023	0.8%
Berkshire Hathaway	0.8%
Bank of Montréal, 2.12%, March 16, 2022	0.8%
Alimentation Couche-Tard	0.8%
Open Text Corporation	0.8%
Government of Canada, 2.75%, December 1, 2048	0.8%
JPMorgan Chase & Company	0.7%
Canadian Imperial Bank of Commerce, 1.70%, October 9, 2018	0.7%
Oracle Corporation	0.7%

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	248,240,958	—	248,240,958
TOTAL	—	248,240,958	—	248,240,958
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable
		to Contract Owners	to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada 91 Day Treasury Bills (6%)	0.25	40,541	37,932
FTSE TMX Canada Universe (40%)	1.00	1,081,099	1,011,519
S&P/TSX (22%)	3.00	1,783,813	1,669,006
S&P 500 (16%)	3.00	1,297,318	1,213,823
MSCI EAFE Net (16%)	3.00	1,297,318	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 – FIERA CAPITAL

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	2,074	—
Investments at fair value through profit or loss (FVTPL)	156,601,977	157,480,174
Investments at fair value through profit or loss (FVTPL) pledged as collateral	25,171,974	27,680,152
Premiums receivable	35,440	320,025
Receivable for securities sold	2,231,870	923,434
Cash guarantee received for repurchase transactions	23,503,513	13,316,482
Interest, dividends and other receivables	314,126	344,050
	<u>207,860,974</u>	<u>200,064,317</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	52,020
Accrued expenses	402,431	403,497
Withdrawals payable	240,854	441,040
Payable for securities purchased	2,224,836	1,171,869
Commitments related to repurchase transactions	23,503,513	13,316,482
	<u>26,371,634</u>	<u>15,384,908</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>181,489,340</u>	<u>184,679,409</u>
NET ASSETS PER UNIT		
Series 1	<u>10.19</u>	10.09
Series 3	<u>11.31</u>	11.16
Series 5	<u>11.97</u>	11.78
Series 6	<u>5.90</u>	5.80
Series 7	<u>5.99</u>	5.88

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	602,054	682,642
Dividends	957,396	1,104,698
Distributions from underlying funds	368,717	647,962
Revenue from securities lending and repurchase transactions	10,832	10,067
Foreign exchange gain (loss) on cash	519	—
Changes in fair value:		
Net realized gain (loss) on investments	6,377,001	3,588,975
Net unrealized gain (loss) on investments	<u>(2,868,849)</u>	<u>2,765</u>
	<u>5,447,670</u>	<u>6,037,109</u>
EXPENSES		
Management fees and guarantee charge	1,890,399	1,839,435
Operating expenses	531,558	530,079
	<u>2,421,957</u>	<u>2,369,514</u>
Commissions and other portfolio transaction costs	67,497	132,008
	<u>2,489,454</u>	<u>2,501,522</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>2,958,216</u>	<u>3,535,587</u>
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	<u>76,366</u>	101,670
- per unit	<u>0.11</u>	0.13
Average Number of Units	<u>686,786</u>	784,484
SERIES 3		
Increase (Decrease) in Net Assets from Operations	<u>200,567</u>	258,029
- per unit	<u>0.16</u>	0.18
Average Number of Units	<u>1,248,209</u>	1,470,736
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>2,448,260</u>	2,963,533
- per unit	<u>0.20</u>	0.22
Average Number of Units	<u>12,305,752</u>	13,418,622
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>216,349</u>	199,797
- per unit	<u>0.09</u>	0.13
Average Number of Units	<u>2,488,153</u>	1,539,069
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>16,674</u>	12,558
- per unit	<u>0.11</u>	0.13
Average Number of Units	<u>156,931</u>	98,556

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	184,679,409	185,199,104
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>2,958,216</u>	3,535,587
Premiums		
Series 1	212,079	53,045
Series 3	312,547	276,023
Series 5	5,714,314	6,030,569
Series 6	2,888,675	1,716,765
Series 7	98,748	—
	<u>9,226,363</u>	8,076,402
Withdrawals		
Series 1	(850,956)	(489,603)
Series 3	(1,404,670)	(1,807,308)
Series 5	(12,361,992)	(14,749,352)
Series 6	(746,215)	(370,994)
Series 7	(10,815)	(4,861)
	<u>(15,374,648)</u>	(17,422,118)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	181,489,340	179,388,975

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,958,216	3,535,587
Adjustments for:		
Foreign exchange gain (loss) on cash	(519)	—
Net realized gain (loss)	(6,377,001)	(3,588,975)
Net unrealized gain (loss)	2,868,849	(2,765)
Non-cash distribution from investments	(368,717)	(647,962)
Proceeds from sale/maturity of investments	137,186,287	170,709,125
Investments purchased	(129,922,496)	(164,236,012)
Receivable for securities sold	(1,308,436)	1,665,963
Cash guarantee received for repurchase transactions	(10,187,031)	(4,621,963)
Interest, dividends and other receivables	29,924	48,626
Accrued expenses	(1,066)	(14,154)
Commitments related to repurchase transactions	10,187,031	4,621,963
Payable for securities purchased	1,052,967	1,652,155
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	6,118,008	9,121,588
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	9,510,948	8,034,559
Amounts paid on withdrawals	(15,574,834)	(17,141,606)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(6,063,886)	(9,107,047)
Effect of exchange rate changes on foreign cash	(28)	(1,789)
Increase (decrease) in cash/ bank overdraft	54,094	12,752
Cash (bank overdraft), beginning of period	(52,020)	(785)
CASH (BANK OVERDRAFT), END OF PERIOD	2,074	11,967
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest received	616,838	709,947
Dividends received, net of withholding taxes	970,131	1,122,859
Interest paid	66	1

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

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Shares	Cost	Fair Value
		\$	\$
EQUITIES (46.6%)			
Energy (8.6%)			
Canadian Natural Resources	94,921	3,707,126	3,551,944
Crescent Point Energy	69,100	938,431	685,472
Enbridge	67,149	3,608,507	3,468,917
Seven Generations Energy	108,900	3,169,344	2,418,669
Spartan Energy	254,970	2,340,964	1,568,066
Suncor Energy	43,220	1,626,935	1,637,606
TransCanada	35,937	1,845,345	2,221,625
		<u>17,236,652</u>	<u>15,552,299</u>
Materials (6.0%)			
Agnico Eagle Mines	30,700	1,965,473	1,795,336
Agrium	11,289	1,403,254	1,326,796
Alamos Gold, Class A	72,744	733,610	669,245
CCL Industries, Class B	28,700	780,432	1,883,007
First Quantum Minerals	125,588	1,437,323	1,377,700
Goldcorp	100,642	2,160,433	1,682,734
Guyana Goldfields	182,503	1,578,437	1,109,618
New Gold	259,159	1,120,127	1,067,735
		<u>11,179,089</u>	<u>10,912,171</u>
Industrials (6.2%)			
Canadian National Railway Company	36,840	2,428,654	3,876,305
Canadian Pacific Railway	14,495	2,623,229	3,024,382
SNC-Lavalin Group	35,270	1,815,972	1,984,643
Waste Connections	29,281	1,663,876	2,445,842
		<u>8,531,731</u>	<u>11,331,172</u>
Consumer Discretionary (4.3%)			
Dollarama	14,230	824,472	1,763,239
Gildan Activewear	73,362	2,416,909	2,923,476
Magna International, Class A	24,027	1,196,256	1,443,302
Quebecor, Class B	38,215	1,299,982	1,640,188
		<u>5,737,619</u>	<u>7,770,205</u>
Consumer Staples (1.8%)			
Alimentation Couche-Tard, Class B	34,751	1,748,340	2,160,122
Loblaw Companies	14,432	806,671	1,041,124
		<u>2,555,011</u>	<u>3,201,246</u>
Health Care (0.2%)			
Valeant Pharmaceuticals International	17,065	3,450,002	384,645
Financials (16.1%)			
Brookfield Asset Management, Class A	40,217	1,778,451	2,046,643
Intact Financial Corporation	12,930	1,103,033	1,266,623
Manulife Financial	174,793	3,613,618	4,249,218
Royal Bank of Canada	73,219	5,167,466	6,894,301
Scotiabank	71,013	4,529,081	5,539,724
Sun Life Financial	49,800	2,380,589	2,308,727
Toronto-Dominion Bank	106,262	5,317,423	6,944,222
		<u>23,889,661</u>	<u>29,249,458</u>

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Shares	Cost	Fair Value
		\$	\$
Information Technology (2.7%)			
CGI Group, Class A	72,853	3,891,824	4,827,240
Utilities (0.7%)			
Algonquin Power & Utilities	98,726	1,109,979	1,347,610
TOTAL EQUITIES		<u>77,581,568</u>	<u>84,576,046</u>
BONDS (23.0%)			
Canadian Bonds (23.0%)			
Government of Canada (7.5%)			
Canada Housing Trust			
2.350%, 2018-12-15	CAD 1,663,000	1,715,821	1,691,511
Government of Canada			
Series G401, 0.500%, 2019-02-01*	CAD 2,807,000	2,794,058	2,782,171
2.750%, 2022-06-01*	CAD 1,670,000	1,808,294	1,776,517
Series E679, 1.500%, 2026-06-01*	CAD 1,220,000	1,206,444	1,200,540
1.000%, 2027-06-01*	CAD 4,272,000	4,050,583	3,981,522
Series WL43, 5.750%, 2029-06-01*	CAD 12,000	17,418	16,950
4.000%, 2041-06-01*	CAD 101,000	131,026	135,941
2.750%, 2048-12-01*	CAD 875,000	1,010,460	998,969
PSP Capital			
Series 7, 3.290%, 2024-04-04*	CAD 120,000	119,939	128,024
Royal Office Finance			
Series A, 5.209%, 2032-11-12	CAD 706,421	700,422	868,065
		<u>13,554,465</u>	<u>13,580,210</u>
Provincial Governments and Crown Corporations (9.0%)			
Ontario Infrastructure			
4.700%, 2037-06-01	CAD 70,000	70,093	85,172
Ontario School Boards Financing			
Series 04A1, 5.483%, 2029-11-26	CAD 364,583	389,088	422,359
Private Placement, Series 06A1, 5.070%, 2031-04-18	CAD 352,871	352,871	394,925
Province of British Columbia			
3.200%, 2044-06-18	CAD 206,000	190,344	217,267
2.800%, 2048-06-18	CAD 278,000	264,069	273,052
Province of Ontario			
3.150%, 2022-06-02	CAD 2,692,000	2,814,189	2,848,859
1.950%, 2023-01-27*	CAD 83,000	83,227	82,788
2.850%, 2023-06-02	CAD 2,316,000	2,296,216	2,417,042
3.500%, 2024-06-02	CAD 1,388,000	1,486,382	1,504,340
2.600%, 2025-06-02	CAD 972,000	1,003,930	993,116
3.500%, 2043-06-02	CAD 24,000	22,362	26,354
2.900%, 2046-12-02*	CAD 759,000	733,180	750,120
2.800%, 2048-06-02*	CAD 2,085,000	1,981,558	2,028,251
Province of Québec			
1.650%, 2022-03-03*	CAD 229,000	228,778	227,289
3.500%, 2022-12-01	CAD 612,000	638,452	659,841
2.750%, 2025-09-01	CAD 1,265,000	1,311,683	1,307,235
5.750%, 2036-12-01*	CAD 103,000	141,913	147,190

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

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

		Par Value	Cost	Fair Value
			\$	\$
Provincial Governments and Crown Corporations (cont.)				
4.250%, 2043-12-01	CAD	133,000	136,103	164,656
3.500%, 2045-12-01	CAD	1,056,000	1,100,443	1,167,185
3.500%, 2048-12-01*	CAD	300,000	335,407	335,507
TCHC Issuer Trust				
4.877%, 2037-05-11	CAD	59,000	59,000	71,986
Series B, 5.395%, 2040-02-22	CAD	110,000	112,200	146,316
			<u>15,751,488</u>	<u>16,270,850</u>
Corporations (6.5%)				
Bank of Montreal				
2.390%, 2017-07-12	CAD	531,000	532,638	531,184
3.340%, (floating rate from 2020-12-08), 2025-12-08*	CAD	232,000	231,914	239,389
3.320%, (floating rate from 2021-06-01), 2026-06-01	CAD	202,000	201,972	208,311
Blackbird Infrastructure 407 General Partners				
1.713%, (floating rate from 2020-01-08), 2021-10-08	CAD	77,000	76,400	76,132
British Columbia Ferry Services				
5.021%, 2037-03-20	CAD	35,000	35,000	43,652
Caisse centrale Desjardins				
2.443%, 2019-07-17	CAD	411,000	426,236	417,378
Canadian Imperial Bank of Commerce				
2.350%, 2017-10-18	CAD	672,000	676,989	674,422
3.000%, (floating rate from 2019-10-28), 2024-10-28*	CAD	30,000	30,534	30,551
3.420%, (floating rate from 2021-01-26), 2026-01-26*	CAD	163,000	163,597	168,338
Canadian Utilities				
4.543%, 2041-10-24	CAD	154,000	168,726	182,424
4.722%, 2043-09-09	CAD	82,000	92,659	100,301
4.085%, 2044-09-02	CAD	37,000	37,922	41,151
3.763%, 2046-11-19*	CAD	21,000	21,000	22,368
Capital City Link				
Series A, 4.386%, 2046-03-31	CAD	181,286	180,949	199,294
Capital Desjardins				
Series G, 5.187%, 2020-05-05	CAD	160,000	184,640	173,849
CHIP Mortgage Trust				
3.663%, 2038-09-25	CAD	186,000	186,000	188,736
Cominar Real Estate Investment Trust				
Series 9, 4.164%, 2022-06-01	CAD	245,000	245,000	240,575
Series 10, 4.247%, 2023-05-23	CAD	140,000	140,114	135,940
CSS (FSCC) Partnership				
6.915%, 2042-07-31	CAD	34,435	46,075	47,935
Enbridge				
7.200%, 2032-06-18	CAD	229,000	284,550	304,115
4.570%, 2044-03-11	CAD	194,000	179,025	198,711
Grand Renewable Solar				
Series 1A, 3.926%, 2035-01-31	CAD	100,568	100,568	100,550
Greater Toronto Airports Authority				
Series 99-1, 6.450%, 2029-07-30	CAD	116,941	128,265	144,679
Health Montréal Collective				
Private Placement Series 144A, 6.721%, 2049-09-30	CAD	522,000	640,865	718,094

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

		Par Value	Cost	Fair Value
			\$	\$
Corporations (cont.)				
Hospital Infrastructure				
Series A, 5.439%, 2045-01-31	CAD	151,511	151,510	179,371
IGM Financial				
3.440%, 2027-01-26	CAD	108,000	107,928	110,148
Integrated Team Solutions SJHC				
5.946%, 2042-11-30	CAD	52,968	53,342	68,140
Laurentian Bank of Canada				
2.750%, 2021-04-22	CAD	36,000	35,923	36,360
Melancthon Wolfe Wind				
3.834%, 2028-12-31	CAD	107,576	107,589	110,377
North West Redwater Partnership				
Series A, 3.200%, 2024-07-22	CAD	54,000	54,037	55,806
3.200%, 2026-04-24	CAD	94,000	93,800	96,366
Series F, 4.250%, 2029-06-01	CAD	94,000	93,739	102,545
Northland Power Solar Finance Limited Partnership				
Series A, 4.958%, 2032-12-31	CAD	107,181	107,188	120,504
Plenary Health Care Partnerships Humber				
4.895%, 2039-05-31	CAD	125,294	125,294	144,447
Plenary Properties				
6.288%, 2044-01-31	CAD	258,648	310,104	348,438
Reliance				
Series 2, 5.187%, 2019-03-15	CAD	149,000	149,000	155,175
Royal Bank of Canada				
2.364%, 2017-09-21	CAD	610,000	603,299	611,737
2.260%, 2018-03-12	CAD	127,000	129,407	127,845
1.400%, 2019-04-26	CAD	395,000	394,874	394,118
1.583%, 2021-09-13*	CAD	115,000	115,000	112,748
3.040%, (floating rate from 2019-07-17), 2024-07-17*	CAD	61,000	60,989	62,093
2.990%, (floating rate from 2019-12-06), 2024-12-06	CAD	439,000	440,409	449,626
2.480%, (floating rate from 2020-06-04), 2025-06-04*	CAD	295,000	294,944	296,384
Scotiabank				
2.370%, 2018-01-11	CAD	321,000	319,058	322,864
2.898%, (floating rate from 2017-08-03), 2022-08-03	CAD	412,000	416,315	412,538
3.367%, (floating rate from 2020-12-08), 2025-12-08*	CAD	291,000	291,000	300,298
SGTP Highway Bypass				
Series A, 4.105%, 2045-01-31	CAD	164,000	164,000	174,925
SNC-Lavalin Innisfree McGill Finance				
6.632%, 2044-06-30	CAD	132,555	154,015	175,512
Teranet Holdings				
3.646%, 2022-11-18	CAD	110,000	110,000	112,667
Teranet Income Fund				
5.754%, 2040-12-17	CAD	86,000	88,754	95,421
6.100%, 2041-06-17	CAD	425,000	473,988	490,747

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

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

		Par Value	Cost	Fair Value
			\$	\$
Corporations (cont.)				
Toronto-Dominion Bank				
1.680%, 2021-06-08	CAD	100,000	99,962	99,103
3.226%, 2024-07-24	CAD	21,000	21,110	22,154
2.692%, (floating rate from 2020-06-24), 2025-06-24*	CAD	91,000	91,000	92,032
2.982%, (floating rate from 2020-09-30), 2025-09-30*	CAD	142,000	142,000	144,841
4.859%, (floating rate from 2026-03-04), 2031-03-04	CAD	9,000	9,919	10,130
5.763%, (floating rate from 2017-12-18), 2106-12-18	CAD	263,000	293,076	268,124
TransCanada PipeLines				
8.050%, 2039-02-17	CAD	109,000	173,141	173,070
TransCanada Trust				
Series 17-A, 4.650%, (floating rate until 2027-05-18), 2077-05-18	CAD	206,000	206,000	207,161
			<u>11,493,352</u>	<u>11,871,894</u>
TOTAL CANADIAN BONDS			<u>40,799,305</u>	<u>41,722,954</u>
U.S. Bonds (0.0%)				
Sinai Health System				
Series A, 3.527%, 2056-06-09	CAD	55,000	55,000	54,069
TOTAL BONDS			<u>40,854,305</u>	<u>41,777,023</u>
		<u>Number of Units</u>		
INVESTMENT FUNDS (17.3%)				
Fiera Global Equity Fund		1,646,169	18,189,826	31,344,373
MONEY MARKET SECURITIES (13.3%)				
		<u>Par value</u>		
Canada Treasury Bills				
2017-07-13*	CAD	7,795,000	7,793,718	7,793,718
2017-07-27	CAD	3,445,000	3,443,784	3,443,784
2017-08-10*	CAD	2,115,000	2,113,823	2,113,823
2017-08-24	CAD	75,000	74,933	74,933
2017-09-07	CAD	7,110,000	7,102,940	7,102,940
Québec Treasury Bills				
2017-08-15	CAD	3,150,000	3,147,786	3,147,786
2017-09-08	CAD	400,000	399,525	399,525
TOTAL MONEY MARKET SECURITIES			<u>24,076,509</u>	<u>24,076,509</u>
TOTAL INVESTMENTS (100.2%)			<u>160,702,208</u>	<u>181,773,951</u>
OTHER NET ASSETS (-0.2%)				<u>(284,611)</u>
NET ASSETS (100%)				<u>181,489,340</u>

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

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

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Fiera Global Equity Fund	17.2%
Canada Treasury Bills, July 13, 2017	4.3%
Canada Treasury Bills, September 7, 2017	3.9%
Toronto-Dominion Bank	3.8%
Royal Bank of Canada	3.8%
Scotiabank	3.1%
CGI Group	2.7%
Manulife Financial Corporation	2.3%
Government of Canada, 1.00%, June 1, 2027	2.2%
Canadian National Railway Company	2.1%
Canadian Natural Resources	2.0%
Enbridge	1.9%
Canada Treasury Bills, July 27, 2017	1.9%
Canada Treasury Bills, August 15, 2017	1.7%
Canadian Pacific Railway	1.7%
Gildan Activewear	1.6%
Province of Ontario, 3.15%, June 2, 2022	1.6%
Government of Canada, 0.50%, February 1, 2019	1.5%
Waste Connections	1.3%
Seven Generations Energy	1.3%
Province of Ontario, 2.85%, June 2, 2023	1.3%
Sun Life Financial	1.3%
TransCanada Corporation	1.2%
Alimentation Couche-Tard	1.2%
Canada Treasury Bills, August 10, 2017	1.2%

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Equities	84,576,046	—	—	84,576,046
Bonds	29,033,776	12,743,247	—	41,777,023
Investment Funds	—	31,344,373	—	31,344,373
Money Market Securities	24,076,509	—	—	24,076,509
TOTAL	137,686,331	44,087,620	—	181,773,951

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 periods ended June 30, 2017 and December 31, 2016, there were no transfers of securities between Levels 1 and 2.

Classification of Level 3

As at June 30, 2017 and December 31, 2016, the Fund has no financial instruments classified within Level 3.

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 period:

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	—

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

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 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 June 30, 2017 and December 31, 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 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
	\$	\$	\$	\$	\$	\$
June 30, 2017	27,027,297	13,023,648	13,024,820	12,779,841	65,855,606	1,290,190
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 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).

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

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

June 30, 2017		December 31, 2016	
Market Segment	%	Market Segment	%
Equities		Equities	
Financials	16.1	Financials	17.4
Energy	8.6	Energy	12.2
Industrials	6.2	Materials	5.4
Materials	6.0	Consumer Discretionary	4.6
Consumer Discretionary	4.3	Industrials	4.3
Information Technology	2.7	Information Technology	2.3
Consumer Staples	1.8	Consumer Staples	1.9
Utilities	0.7	Utilities	0.6
Health Care	0.2	Health Care	0.2
Bonds		Bonds	
Provincial Governments and Crown Corporations	9.0	Provincial Governments and Crown Corporations	7.9
Government of Canada	7.5	Corporations	7.3
Corporations	6.5	Government of Canada	5.1
Growth Investment Funds	17.3	Growth Investment Fund	20.3
Money Market Securities	13.3	Money Market Securities	10.7
Other Net Assets	(0.2)	Asset-Backed Securities	0.1
TOTAL	100	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 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.

Benchmarks	Change in Price %	Impact on Net Assets Attributable to Contract Owners	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017 \$	December 31, 2016 \$
FTSE TMX Canada 91 Day Treasury Bills (10%)	0.25	49,593	51,202
FTSE TMX Canada Universe (30%)	1.00	595,115	614,429
S&P/TSX Capped (40%)	3.00	2,380,460	2,457,718
MSCI World Net (20%)	3.00	1,190,230	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.

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Credit Risk

Part 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).

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 June 30, 2017	Percentage of Fixed-Income Securities December 31, 2016
	%	%
AAA	35	28
AA	41	37
A	13	23
BBB	11	12
TOTAL	100	100

Portfolio's Money Market Securities by Credit Rating Category

Credit Rating	Percentage of Money Market Securities June 30, 2017	Percentage of Money Market Securities December 31, 2016
	%	%
R-1 (High)	85	67
R-1 (Middle)	15	33
TOTAL	100	100

Securities Lending and Repurchase Transactions

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

The carrying amount of financial assets pledged as collateral for liabilities is:

	\$
June 30, 2017	22,674,381
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:

	\$
June 30, 2017	8,663,145
December 31, 2016	9,580,586

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

	\$
June 30, 2017	747,951
December 31, 2016	—

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

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Liquidity Risk

Part 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".

DERECOGNITION OF FINANCIAL ASSETS**Securities Lending and Repurchase Transactions**

As part of transactions involving securities lending or repurchase agreements, 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.

	June 30, 2017	December 31, 2016
	\$	\$
Investments at FVTPL pledged as collateral	25,171,974	27,680,152
Value of Collateral securities	25,680,730	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.

	June 30, 2017	December 31, 2016
	Fair Value*	Fair Value*
	\$	\$
Financial assets	23,422,637	13,335,314
Related liabilities	23,503,513	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.

	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
	\$	%	\$	%
Gross Income	18,053	100	16,778	100
Net Income received by DFS GIF - Canadian Balanced - Fiera Capital	10,832	60	10,067	60
Net Income received by Desjardins Trust	7,221	40	6,711	40

DFS GIF – CANADIAN BALANCED – FRANKLIN BISSETT

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	29,811
Investments at fair value through profit or loss (FVTPL)	213,597,964	206,621,422
Premiums receivable	188,920	639,710
Receivable for securities sold	212,943	—
	<u>213,999,827</u>	<u>207,290,943</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	59,845	—
Accrued expenses	492,579	464,549
Withdrawals payable	451,973	368,929
Payable for securities purchased	51,957	247,476
	<u>1,056,354</u>	<u>1,080,954</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>212,943,473</u>	<u>206,209,989</u>
NET ASSETS PER UNIT		
Series 3	<u>7.43</u>	7.35
Series 5	<u>7.72</u>	7.62
Series 6	<u>5.53</u>	5.45
Series 7	<u>5.61</u>	5.52

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(595)	(22)
Changes in fair value:		
Net realized gain (loss) on investments	1,513,105	2,042,385
Net unrealized gain (loss) on investments	4,233,068	8,427,901
	<u>5,745,578</u>	<u>10,470,264</u>
EXPENSES		
Management fees and guarantee charge	2,277,898	1,976,529
Operating expenses	644,676	592,374
	<u>2,922,574</u>	<u>2,568,903</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>2,823,004</u>	<u>7,901,361</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	73,403	228,017
- per unit	0.09	0.25
Average Number of Units	848,695	921,134
SERIES 5		
Increase (Decrease) in Net Assets from Operations	2,168,144	6,381,619
- per unit	0.10	0.29
Average Number of Units	20,882,052	22,134,268
SERIES 6		
Increase (Decrease) in Net Assets from Operations	525,311	1,173,033
- per unit	0.07	0.23
Average Number of Units	7,515,084	5,156,139
SERIES 7		
Increase (Decrease) in Net Assets from Operations	56,146	118,692
- per unit	0.09	0.23
Average Number of Units	648,147	507,715

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

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>206,209,989</u>	192,544,012
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>2,823,004</u>	7,901,361
Premiums		
Series 3	499,175	315,849
Series 5	9,404,759	5,409,632
Series 6	9,702,979	4,673,988
Series 7	314,672	72,176
	<u>19,921,585</u>	10,471,645
Withdrawals		
Series 3	(494,008)	(1,268,409)
Series 5	(13,597,614)	(15,546,559)
Series 6	(1,856,675)	(1,977,645)
Series 7	(62,808)	(26,496)
	<u>(16,011,105)</u>	(18,819,109)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>212,943,473</u>	192,097,909

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,823,004	7,901,361
Adjustments for:		
Net realized gain (loss)	(1,513,105)	(2,042,385)
Net unrealized gain (loss)	(4,233,068)	(8,427,901)
Proceeds from sale/maturity of investments	6,593,717	13,232,275
Investments purchased	(7,824,086)	(2,280,146)
Receivable for securities sold	(212,943)	68,041
Accrued expenses	28,030	(4,286)
Payable for securities purchased	(195,519)	515,775
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(4,533,970)</u>	8,962,734
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	20,372,375	10,067,046
Amounts paid on withdrawals	(15,928,061)	(18,850,218)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>4,444,314</u>	(8,783,172)
Increase (decrease) in cash/ bank overdraft	(89,656)	179,562
Cash (bank overdraft), beginning of period	29,811	(67,886)
CASH (BANK OVERDRAFT), END OF PERIOD	<u>(59,845)</u>	111,676
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	595	22

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Bissett Canadian Balanced Fund, Series O	4,560,162	164,886,529	213,597,964
Total Investments		164,886,529	213,597,964
Other Net Assets (-0.3%)			(654,491)
Net Assets (100%)			212,943,473

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 Canadian Equity Fund	15.2%
Franklin Bissett Corporate Bond Fund	14.9%
Franklin Bissett Core Plus Bond Fund	14.4%
Franklin ActiveQuant U.S. Fund	6.8%
Franklin Bissett Monthly Income and Growth Fund	6.5%
Franklin ActiveQuant Canadian Fund	6.1%
Franklin Bissett Microcap Fund	5.6%
Franklin Mutual European Fund	5.5%
Templeton EAFE Developed Markets Fund	5.3%
Franklin Bissett Small Cap Fund	4.9%
Franklin U.S. Rising Dividends Fund	4.4%
Templeton Global Bond Fund	4.1%
Franklin Bissett Canadian Dividend Fund	3.9%
Franklin Bissett Canadian Government Fund	1.8%
Cash and Cash Equivalents	0.8%

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	213,597,964	—	—	213,597,964
TOTAL	213,597,964	—	—	213,597,964
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable
		to Contract Owners	to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (35%)	1.00	667,432	639,432
Bloomberg Barclays U.S. Aggregate Bond (2.5%)	1.00	47,674	45,674
J.P. Morgan Global Government Bond (2.5%)	1.00	47,674	45,674
S&P/TSX Small Cap (5%)	3.00	286,042	274,042
S&P/TSX (32.5%)	3.00	1,859,276	1,781,275
S&P 500 (10%)	3.00	572,085	548,084
MSCI EAFE Net (10%)	3.00	572,085	548,084
MSCI Emerging Markets Net (2.5%)	3.00	143,021	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	509,980,855	520,123,106
Premiums receivable	457,572	415,265
Receivable for securities sold	570,038	371,782
	<u>511,008,465</u>	<u>520,910,153</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	280,724	243,546
Accrued expenses	1,281,339	1,276,662
Withdrawals payable	1,195,081	965,268
	<u>2,757,144</u>	<u>2,485,476</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>508,251,321</u>	<u>518,424,677</u>
NET ASSETS PER UNIT		
Series 3	<u>6.46</u>	6.32
Series 5	<u>6.67</u>	6.51
Series 6	<u>5.67</u>	5.53
Series 7	<u>5.76</u>	5.60

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(1,426)	—
Changes in fair value:		
Net realized gain (loss) on investments	9,131,635	5,147,700
Net unrealized gain (loss) on investments	11,457,292	(12,867,369)
	<u>20,587,501</u>	<u>(7,719,669)</u>
EXPENSES		
Management fees and guarantee charge	6,202,964	6,115,350
Operating expenses	1,488,088	1,487,686
	<u>7,691,052</u>	<u>7,603,036</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>12,896,449</u>	<u>(15,322,705)</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	270,254	(376,336)
- per unit	0.16	(0.19)
Average Number of Units	1,732,121	2,018,109
SERIES 5		
Increase (Decrease) in Net Assets from Operations	11,664,360	(14,295,628)
- per unit	0.17	(0.19)
Average Number of Units	70,296,804	76,469,996
SERIES 6		
Increase (Decrease) in Net Assets from Operations	843,765	(578,179)
- per unit	0.14	(0.12)
Average Number of Units	6,016,518	4,760,458
SERIES 7		
Increase (Decrease) in Net Assets from Operations	118,070	(72,562)
- per unit	0.16	(0.14)
Average Number of Units	757,868	536,693

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	518,424,677	535,971,910
Increase (Decrease) in Net Assets from operations attributable to contract owners	12,896,449	(15,322,705)
Premiums		
Series 3	154,668	780,385
Series 5	16,855,238	23,850,907
Series 6	3,899,022	5,840,775
Series 7	269,294	792,005
	<u>21,178,222</u>	<u>31,264,072</u>
Withdrawals		
Series 3	(1,228,192)	(1,074,904)
Series 5	(40,477,707)	(37,735,660)
Series 6	(2,511,753)	(1,224,563)
Series 7	(30,375)	(233,345)
	<u>(44,248,027)</u>	<u>(40,268,472)</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	508,251,321	511,644,805

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	12,896,449	(15,322,705)
Adjustments for:		
Net realized gain (loss)	(9,131,635)	(5,147,700)
Net unrealized gain (loss)	(11,457,292)	12,867,368
Proceeds from sale/maturity of investments	31,749,466	20,153,900
Investments purchased	(1,018,288)	(3,695,166)
Receivable for securities sold	(198,256)	(228,104)
Accrued expenses	4,677	(53,215)
Payable for securities purchased	—	233,887
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	22,845,121	8,808,265
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	21,135,915	30,750,898
Amounts paid on withdrawals	(44,018,214)	(39,507,571)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(22,882,299)	(8,756,673)
Increase (decrease) in cash/bank overdraft	(37,178)	51,592
Cash (bank overdraft), beginning of period	(243,546)	(178,117)
CASH (BANK OVERDRAFT), END OF PERIOD	(280,724)	(126,525)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	1,426	1

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

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Quotential Balanced Growth Portfolio	44,695,956	360,467,375	509,980,855
Total Investments		360,467,375	509,980,855
Other Net Assets (-0.3%)			(1,729,534)
Net Assets (100%)			508,251,321

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

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Franklin Bissett Core Plus Bond Fund	18.4%
Franklin Bissett Canadian Equity Fund	7.0%
Franklin U.S. Core Equity Fund	6.6%
Franklin Mutual European Fund	5.9%
Franklin U.S. Rising Dividends Fund	5.8%
Franklin ActiveQuant Canadian Fund	5.1%
Franklin Strategic Income Fund	4.8%
Franklin Templeton Canadian Large Cap Fund	4.2%
Franklin U.S. Opportunities Fund	4.0%
Templeton Global Bond Fund	3.9%
iShares Russell 1000 Value ETF	3.6%
BMO MSCI Europe High Quality Hedged to CAD Index ETF	3.4%
Franklin Bissett Canadian Government Fund	3.1%
Templeton Asian Growth Fund	3.1%
Franklin Japan Fund	3.0%
Franklin U.S. Low Duration Fund	2.1%
Franklin Bissett Small Cap Fund	2.1%
iShares S&P/TSX 60 Index ETF	2.0%
S&P Depository Receipt EURO STOXX 50 ETF	2.0%
iShares MSCI Japan ETF	2.0%
Franklin Bissett Canadian Short Term Bond Fund	1.7%
Templeton Emerging Markets Smaller Companies Fund	1.3%
S&P Depository Receipt Gold Trust ETF	1.0%
iShares Core MSCI Emerging Markets ETF	1.0%
Templeton Frontier Markets Fund	0.7%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	509,980,855	—	—	509,980,855
TOTAL	509,980,855	—	—	509,980,855

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (30%)	1.00	1,793,338	1,790,882
Bloomberg Barclays Multiverse Bond (10%)	1.00	597,779	596,961
S&P/TSX (30%)	3.00	5,380,014	5,372,647
MSCI All Country World Net (30%)	3.00	5,380,014	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 – CI SIGNATURE

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	15,994	—
Investments at fair value through profit or loss (FVTPL)	122,361,059	113,628,274
Premiums receivable	34,050	274,341
Receivable for securities sold	159,945	95,786
	<u>122,571,048</u>	<u>113,998,401</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	95,849
Accrued expenses	301,818	275,933
Withdrawals payable	244,771	162,549
Payable for securities purchased	16,396	123,900
	<u>562,985</u>	<u>658,231</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>122,008,063</u>	<u>113,340,170</u>
NET ASSETS PER UNIT		
Series 5	<u>7.09</u>	6.93
Series 6	<u>5.72</u>	5.59
Series 7	<u>5.81</u>	5.66

STATEMENT OF COMPREHENSIVE
INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(338)	—
Changes in fair value:		
Net realized gain (loss) on investments	282,376	(171,086)
Net unrealized gain (loss) on investments	4,129,503	212,739
	<u>4,411,541</u>	<u>41,653</u>
EXPENSES		
Management fees and guarantee charge	1,394,357	1,235,042
Operating expenses	345,395	318,515
	<u>1,739,752</u>	<u>1,553,557</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>2,671,789</u>	<u>(1,511,904)</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	1,949,358	(1,222,946)
- per unit	0.16	(0.10)
Average Number of Units	12,163,709	12,700,811
SERIES 6		
Increase (Decrease) in Net Assets from Operations	657,947	(270,930)
- per unit	0.13	(0.06)
Average Number of Units	5,208,044	4,319,433
SERIES 7		
Increase (Decrease) in Net Assets from Operations	64,484	(18,028)
- per unit	0.15	(0.05)
Average Number of Units	440,441	356,916

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

DFS GIF – CANADIAN BALANCED – CI SIGNATURE (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>113,340,170</u>	<u>110,168,851</u>
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>2,671,789</u>	<u>(1,511,904)</u>
Premiums		
Series 5	9,601,279	4,639,896
Series 6	5,029,997	3,556,807
Series 7	<u>261,696</u>	<u>452,302</u>
	<u>14,892,972</u>	<u>8,649,005</u>
Withdrawals		
Series 5	(7,544,805)	(7,142,266)
Series 6	(1,335,260)	(2,112,250)
Series 7	<u>(16,803)</u>	<u>(257,282)</u>
	<u>(8,896,868)</u>	<u>(9,511,798)</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>122,008,063</u>	<u>107,794,154</u>

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,671,789	(1,511,904)
Adjustments for:		
Net realized gain (loss)	(282,376)	171,086
Net unrealized gain (loss)	(4,129,503)	(212,739)
Proceeds from sale/maturity of investments	3,993,854	5,604,099
Investments purchased	(8,314,760)	(3,422,160)
Receivable for securities sold	(64,159)	167,682
Accrued expenses	25,885	(8,139)
Payable for securities purchased	<u>(107,504)</u>	<u>21,304</u>
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(6,206,774)</u>	<u>809,229</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	15,133,263	8,972,582
Amounts paid on withdrawals	<u>(8,814,646)</u>	<u>(9,762,319)</u>
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>6,318,617</u>	<u>(789,737)</u>
Increase (decrease) in cash/ bank overdraft	111,843	19,492
Cash (bank overdraft), beginning of period	<u>(95,849)</u>	<u>(32,321)</u>
CASH (BANK OVERDRAFT), END OF PERIOD	<u>15,994</u>	<u>(12,829)</u>
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>338</u>	<u>—</u>

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Signature Canadian Balanced Fund, Class I	12,126,963	113,220,006	122,361,059
Total Investments		113,220,006	122,361,059
Other Net Assets (-0.3%)			(352,996)
Net Assets (100%)			122,008,063

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	3.7%
Manulife Financial Corporation	2.9%
Toronto-Dominion Bank	2.5%
Alibaba Group Holding	2.0%
Micron Technology	1.7%
Canadian National Railway Company	1.7%
Province of Ontario, 2.60%, June 2, 2025	1.6%
Samsung Electronics	1.5%
Enbridge	1.5%
Royal Bank of Canada	1.5%
Sony Corporation	1.5%
Synchrony Financial	1.5%
Nestlé SA	1.2%
Province of Quebec, 2.75%, September 1, 2025	1.2%
Canadian Imperial Bank of Commerce	1.2%
Province of Ontario, 2.40%, June 2, 2026	1.1%
Sun Life Financial	1.1%
Province of Quebec, 4.25%, December 1, 2021	1.1%
Canadian Natural Resources	1.1%
Province of Ontario, 3.15%, June 2, 2022	1.1%
Citigroup	1.0%
Government of Canada, 1.00%, June 1, 2027	1.0%
UnitedHealth Group	1.0%
Wells Fargo & Company, Warrants, October 28, 2018	1.0%
EnCana Corporation	0.9%

DFS GIF – CANADIAN BALANCED – CI SIGNATURE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	122,361,059	—	—	122,361,059
TOTAL	122,361,059	—	—	122,361,059
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable
		to Contract Owners	to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (40%)	1.00	389,235	377,639
S&P/TSX (30%)	3.00	875,780	849,688
MSCI All Country World Net (30%)	3.00	875,780	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	3,238	9,601
Investments at fair value through profit or loss (FVTPL)	79,195,331	73,197,187
Premiums receivable	208,878	1,212,973
Receivable for securities sold	2,129	—
	<u>79,409,576</u>	<u>74,419,761</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	195,747	177,337
Withdrawals payable	163,869	116,594
Payable for securities purchased	134,909	1,101,945
	<u>494,525</u>	<u>1,395,876</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>78,915,051</u>	<u>73,023,885</u>
NET ASSETS PER UNIT		
Series 5	<u>6.71</u>	6.53
Series 6	<u>5.72</u>	5.56
Series 7	<u>5.81</u>	5.63

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(129)	—
Distributions from underlying funds	2,835,085	2,563,372
Changes in fair value:		
Net realized gain (loss) on investments	254,687	(250,038)
Net unrealized gain (loss) on investments	138,870	(2,074,072)
	<u>3,228,513</u>	<u>239,262</u>
EXPENSES		
Management fees and guarantee charge	1,009,642	853,879
Operating expenses	131,345	118,250
	<u>1,140,987</u>	<u>972,129</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>2,087,526</u>	<u>(732,867)</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	1,128,969	(574,915)
- per unit	0.18	(0.08)
Average Number of Units	6,180,856	6,976,530
SERIES 6		
Increase (Decrease) in Net Assets from Operations	895,214	(151,886)
- per unit	0.15	(0.03)
Average Number of Units	5,879,164	4,505,858
SERIES 7		
Increase (Decrease) in Net Assets from Operations	63,343	(6,066)
- per unit	0.17	(0.03)
Average Number of Units	368,664	197,325

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	73,023,885	69,139,037
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,087,526	(732,867)
Premiums		
Series 5	5,922,738	2,229,237
Series 6	5,349,916	3,941,992
Series 7	354,769	207,137
	11,627,423	6,378,366
Withdrawals		
Series 5	(5,854,105)	(7,984,887)
Series 6	(1,868,295)	(1,237,132)
Series 7	(101,383)	(257,028)
	(7,823,783)	(9,479,047)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	78,915,051	65,305,489

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	2,087,526	(732,867)
Adjustments for:		
Net realized gain (loss)	(254,687)	250,038
Net unrealized gain (loss)	(138,870)	2,074,072
Non-cash distribution from investments	(2,835,085)	(2,563,372)
Proceeds from sale/maturity of investments	3,611,999	6,551,170
Investments purchased	(6,381,501)	(2,661,327)
Receivable for securities sold	(2,129)	27,341
Accrued expenses	18,410	(9,188)
Payable for securities purchased	(967,036)	386,719
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(4,861,373)	3,322,586
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	12,631,518	6,173,406
Amounts paid on withdrawals	(7,776,508)	(9,487,570)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	4,855,010	(3,314,164)
Increase (decrease) in cash/ bank overdraft	(6,363)	8,422
Cash (bank overdraft), beginning of period	9,601	(3,897)
CASH (BANK OVERDRAFT), END OF PERIOD	3,238	4,525
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	129	—

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

DFS GIF – INCOME AND GROWTH – CI SIGNATURE (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.4%)		\$	\$
Signature Income & Growth Fund, Class I	8,147,668	74,391,561	79,195,331
Total Investments		74,391,561	79,195,331
Other Net Assets (-0.4%)			(280,280)
Net Assets (100%)			78,915,051

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	3.4%
Manulife Financial Corporation	2.6%
Toronto-Dominion Bank	2.3%
Alibaba Group Holding	1.7%
Micron Technology	1.6%
Canadian National Railway Company	1.6%
Enbridge	1.4%
Royal Bank of Canada	1.4%
Sony Corporation	1.3%
Synchrony Financial	1.3%
Samsung Electronics	1.3%
Province of Ontario, 2.60%, June 2, 2025	1.3%
Nestlé SA	1.1%
Canadian Imperial Bank of Commerce	1.1%
Canadian Natural Resources	1.1%
Sun Life Financial	1.0%
Province of Quebec, 2.75%, September 1, 2025	1.0%
Citigroup	0.9%
Province of Ontario, 2.40%, June 2, 2026	0.9%
UnitedHealth Group	0.9%
Province of Ontario, 3.15%, June 2, 2022	0.9%
Wells Fargo & Company, Warrants, October 28, 2018	0.9%
Province of Quebec, 4.25%, December 1, 2021	0.9%
EnCana Corporation	0.9%
Thermo Fisher Scientific	0.8%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	79,195,331	—	—	79,195,331
TOTAL	79,195,331	—	—	79,195,331

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – INCOME AND GROWTH – CI SIGNATURE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (15%)	1.00	93,698	88,478
Merrill Lynch High Yield Master II (15%)	2.00	187,396	176,956
S&P/TSX Composite High Dividend (10%)	3.00	187,396	176,956
S&P/TSX (30%)	3.00	562,187	530,867
MSCI All Country World Net (30%)	3.00	562,187	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 AND INCOME – NEI NORTHWEST

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	352,036	615,610
Investments at fair value through profit or loss (FVTPL)	175,444,933	167,997,431
Premiums receivable	181,581	424,464
Receivable for securities sold	140,277	31,355
	<u>176,118,827</u>	<u>169,068,860</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	432,911	408,006
Withdrawals payable	371,119	459,708
Payable for securities purchased	—	305,167
	<u>804,030</u>	<u>1,172,881</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>175,314,797</u>	<u>167,895,979</u>
NET ASSETS PER UNIT		
Series 3	<u>6.45</u>	6.21
Series 5	<u>6.85</u>	6.57
Series 6	<u>6.01</u>	5.76
Series 7	<u>6.11</u>	5.84

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	1,228,350	1,290,252
Changes in fair value:		
Net realized gain (loss) on investments	2,258,345	1,763,061
Net unrealized gain (loss) on investments	6,267,117	(333,761)
	<u>9,753,812</u>	<u>2,719,552</u>
EXPENSES		
Management fees and guarantee charge	2,090,683	1,794,341
Operating expenses	452,491	402,673
	<u>2,543,174</u>	<u>2,197,014</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>7,210,638</u>	<u>522,538</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	71,219	(4,268)
- per unit	0.25	(0.01)
Average Number of Units	<u>280,154</u>	377,144
SERIES 5		
Increase (Decrease) in Net Assets from Operations	6,124,067	393,420
- per unit	0.28	0.02
Average Number of Units	<u>21,585,304</u>	22,187,248
SERIES 6		
Increase (Decrease) in Net Assets from Operations	949,485	122,102
- per unit	0.23	0.05
Average Number of Units	<u>4,047,964</u>	2,647,683
SERIES 7		
Increase (Decrease) in Net Assets from Operations	65,867	11,284
- per unit	0.26	0.07
Average Number of Units	<u>257,035</u>	155,081

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

DFS GIF – GROWTH AND INCOME – NEI NORTHWEST (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>167,895,979</u>	154,455,257
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>7,210,638</u>	522,538
Premiums		
Series 3	60,143	141,830
Series 5	9,468,490	6,798,014
Series 6	6,973,776	4,012,299
Series 7	324,700	152,029
	<u>16,827,109</u>	11,104,172
Withdrawals		
Series 3	(419,203)	(304,472)
Series 5	(15,052,559)	(12,476,255)
Series 6	(999,988)	(930,721)
Series 7	(147,179)	(9,111)
	<u>(16,618,929)</u>	(13,720,559)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>175,314,797</u>	152,361,408

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	7,210,638	522,538
Adjustments for:		
Net realized gain (loss)	(2,258,345)	(1,763,061)
Net unrealized gain (loss)	(6,267,117)	333,761
Non-cash distribution from investments	(1,228,350)	(1,290,252)
Proceeds from sale/maturity of investments	7,634,233	7,461,204
Investments purchased	(5,327,923)	(2,652,610)
Receivable for securities sold	(108,922)	31,307
Accrued expenses	24,905	(6,490)
Payable for securities purchased	(305,167)	304,440
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(626,048)</u>	2,940,837
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	17,069,992	10,622,562
Amounts paid on withdrawals	(16,707,518)	(13,518,121)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>362,474</u>	(2,895,559)
Increase (decrease) in cash/ bank overdraft	(263,574)	45,278
Cash (bank overdraft), beginning of period	<u>615,610</u>	371,470
CASH (BANK OVERDRAFT), END OF PERIOD	<u>352,036</u>	416,748

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.1%)		\$	\$
NEI Northwest Growth and Income Fund, Series I	23,792,369	123,175,031	175,444,933
Total Investments		123,175,031	175,444,933
Other Net Assets (-0.1%)			(130,136)
Net Assets (100%)			175,314,797

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	34.3%
NEI Canadian Bond Fund	21.8%
Scotiabank	4.0%
Toronto-Dominion Bank	3.9%
Onex Corporation	2.8%
FirstService Corporation	2.7%
Quebecor	2.6%
Manulife Financial Corporation	2.6%
Colliers International Group	2.3%
Rogers Communications	2.2%
Thomson Reuters Corporation	2.1%
TELUS Corporation	2.0%
Sun Life Financial	2.0%
Magna International	1.8%
BCE	1.7%
Air Canada	1.5%
Bombardier	1.4%
Vermilion Energy	1.0%
Pason Systems	0.9%
NorthWest Healthcare Properties Real Estate Investment Trust	0.7%
TMX Group	0.7%
First Quantum Minerals	0.7%
Allied Properties Real Estate Investment Trust	0.6%
Badger Daylighting	0.6%
Extencicare	0.6%

DFS GIF – GROWTH AND INCOME – NEI NORTHWEST (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	175,444,933	—	—	175,444,933
TOTAL	175,444,933	—	—	175,444,933
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable
		to Contract Owners	to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (25%)	1.00	407,517	372,084
S&P/TSX (55%)	3.00	2,689,613	2,455,754
MSCI World Net (20%)	3.00	978,041	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	81,353	130,982
Investments at fair value through profit or loss (FVTPL)	103,709,600	94,089,633
Premiums receivable	350,225	234,983
Receivable for securities sold	159,513	—
	<u>104,300,691</u>	<u>94,455,598</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	271,503	239,322
Withdrawals payable	455,717	97,499
Payable for securities purchased	53,034	298,611
	<u>780,254</u>	<u>635,432</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>103,520,437</u>	<u>93,820,166</u>
NET ASSETS PER UNIT		
Series 3	<u>7.93</u>	7.69
Series 5	<u>8.47</u>	8.19
Series 6	<u>5.97</u>	5.77
Series 7	<u>6.05</u>	5.83

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(234)	—
Changes in fair value:		
Net realized gain (loss) on investments	265,469	(65,244)
Net unrealized gain (loss) on investments	4,545,412	675,934
	<u>4,810,647</u>	<u>610,690</u>
EXPENSES		
Management fees and guarantee charge	1,287,285	1,078,006
Operating expenses	260,671	231,847
	<u>1,547,956</u>	<u>1,309,853</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>3,262,691</u>	<u>(699,163)</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	111,012	(56,090)
- per unit	0.24	(0.11)
Average Number of Units	467,318	530,718
SERIES 5		
Increase (Decrease) in Net Assets from Operations	2,452,464	(591,796)
- per unit	0.28	(0.07)
Average Number of Units	8,684,354	8,970,777
SERIES 6		
Increase (Decrease) in Net Assets from Operations	658,267	(51,917)
- per unit	0.20	(0.02)
Average Number of Units	3,355,803	2,158,645
SERIES 7		
Increase (Decrease) in Net Assets from Operations	40,948	640
- per unit	0.09	—
Average Number of Units	454,142	206,000

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	93,820,166	83,760,452
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,262,691	(699,163)
Premiums		
Series 3	87,809	50,345
Series 5	7,536,859	4,910,249
Series 6	4,981,424	3,146,374
Series 7	1,985,697	285,291
	14,591,789	8,392,259
Withdrawals		
Series 3	(219,721)	(346,984)
Series 5	(6,952,778)	(4,984,342)
Series 6	(948,746)	(1,497,177)
Series 7	(32,964)	(76,108)
	(8,154,209)	(6,904,611)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	103,520,437	84,548,937

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	3,262,691	(699,163)
Adjustments for:		
Net realized gain (loss)	(265,469)	65,244
Net unrealized gain (loss)	(4,545,412)	(675,934)
Proceeds from sale/maturity of investments	3,307,073	4,011,055
Investments purchased	(8,116,159)	(4,264,345)
Receivable for securities sold	(159,513)	(594,825)
Accrued expenses	32,181	6,213
Payable for securities purchased	(245,577)	3,644
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(6,730,185)	(2,148,111)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	14,476,547	8,309,429
Amounts paid on withdrawals	(7,795,991)	(6,267,202)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	6,680,556	2,042,227
Increase (decrease) in cash/ bank overdraft	(49,629)	(105,884)
Cash (bank overdraft), beginning of period	130,982	59,580
CASH (BANK OVERDRAFT), END OF PERIOD	81,353	(46,304)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	234	—

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

DFS GIF – GLOBAL GROWTH – NEI SELECT (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
NEI Select Growth Portfolio, Series I	8,817,269	95,139,857	103,709,600
Total Investments		95,139,857	103,709,600
Other Net Assets (-0.2%)			(189,163)
Net Assets (100%)			103,520,437

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 Northwest U.S. Dividend Fund	11.3%
NEI Northwest Global Equity Fund	11.0%
NEI Ethical Global Equity Fund	10.9%
NEI Ethical International Equity Fund	9.2%
NEI Global Value Fund	8.7%
NEI Northwest Canadian Dividend Fund	8.4%
NEI Northwest Emerging Markets Fund	8.1%
NEI Northwest Canadian Equity Fund	8.0%
NEI Northwest Specialty Equity Fund	7.8%
NEI Global Total Return Bond Fund	7.0%
NEI Northwest Specialty Global High Yield Bond Fund	4.0%
NEI Canadian Bond Fund	3.9%
Cash and Cash Equivalents	1.7%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	103,709,600	—	—	103,709,600
TOTAL	103,709,600	—	—	103,709,600
December 31, 2016	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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – GLOBAL GROWTH – NEI SELECT (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (30%)	1.00	308,506	280,596
S&P/TSX (14%)	3.00	431,908	392,834
MSCI World Net (56%)	3.00	1,727,634	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 ASSET ALLOCATION – CI CAMBRIDGE

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	63,269	30,109
Investments at fair value through profit or loss (FVTPL)	15,643,710	13,653,520
Premiums receivable	97,457	2,731
Receivable for securities sold	—	771
	<u>15,804,436</u>	<u>13,687,131</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	35,637	31,191
Withdrawals payable	6,109	4,187
Payable for securities purchased	145,344	30,336
	<u>187,090</u>	<u>65,714</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>15,617,346</u>	<u>13,621,417</u>
NET ASSETS PER UNIT		
Series 5	<u>7.28</u>	7.23
Series 6	<u>5.92</u>	5.87
Series 7	<u>6.01</u>	5.95

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	727,874	557,174
Changes in fair value:		
Net realized gain (loss) on investments	68,730	30,028
Net unrealized gain (loss) on investments	(495,639)	(231,108)
	<u>300,965</u>	<u>356,094</u>
EXPENSES		
Management fees and guarantee charge	183,901	145,297
Operating expenses	19,672	15,922
	<u>203,573</u>	<u>161,219</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>97,392</u>	<u>194,875</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	48,279	79,853
- per unit	0.06	0.09
Average Number of Units	874,385	869,488
SERIES 6		
Increase (Decrease) in Net Assets from Operations	47,371	100,207
- per unit	0.04	0.10
Average Number of Units	1,292,238	973,643
SERIES 7		
Increase (Decrease) in Net Assets from Operations	1,742	14,815
- per unit	0.02	0.21
Average Number of Units	105,056	70,981

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

DFS GIF – CANADIAN ASSET ALLOCATION – CI CAMBRIDGE (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>13,621,417</u>	10,618,006
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>97,392</u>	194,875
Premiums		
Series 5	739,608	422,771
Series 6	1,749,434	1,668,441
Series 7	546,595	311,497
	<u>3,035,637</u>	2,402,709
Withdrawals		
Series 5	(629,303)	(399,773)
Series 6	(451,105)	(383,316)
Series 7	(56,692)	(224,505)
	<u>(1,137,100)</u>	(1,007,594)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>15,617,346</u>	12,207,996

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	97,392	194,875
Adjustments for:		
Net realized gain (loss)	(68,730)	(30,028)
Net unrealized gain (loss)	495,639	231,108
Non-cash distribution from investments	(727,874)	(557,174)
Proceeds from sale/maturity of investments	736,509	664,300
Investments purchased	(2,425,734)	(1,891,211)
Receivable for securities sold	771	(2,607)
Accrued expenses	4,446	4,375
Payable for securities purchased	115,008	(150,133)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(1,772,573)</u>	(1,536,495)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	2,940,911	2,560,499
Amounts paid on withdrawals	(1,135,178)	(1,026,612)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>1,805,733</u>	1,533,887
Increase (decrease) in cash/ bank overdraft	33,160	(2,608)
Cash (bank overdraft), beginning of period	30,109	340
CASH (BANK OVERDRAFT), END OF PERIOD	<u>63,269</u>	(2,268)

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
Cambridge Canadian Asset Allocation Corporate Class, I Shares	847,898	14,717,897	15,643,710
Total Investments		14,717,897	15,643,710
Other Net Assets (-0.2%)			(26,364)
Net Assets (100%)			15,617,346

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	23.0%
Cambridge Cdn Short Term Bond Fund	11.9%
Walgreens Boots Alliance	2.6%
Tourmaline Oil Corporation	2.5%
Franco-Nevada Corporation	2.4%
George Weston	2.3%
Canadian Natural Resources	2.2%
Athene Holding	1.7%
Fairfax Financial Holdings	1.7%
Praxair Inc.	1.7%
PrairieSky Royalty	1.6%
Keyera Corporation	1.5%
Restaurant Brands International	1.5%
Palo Alto Networks	1.5%
Fluor Corporation	1.3%
Symantec Corporation	1.3%
Abertis Infraestructuras	1.2%
Synchrony Financial	1.1%
Amgen	1.1%
AutoZone	1.1%
Store Capital	1.0%
Intact Financial Corporation	1.0%
Finning International	0.9%
Exelon Corporation	0.9%
Broadcom	0.9%

DFS GIF – CANADIAN ASSET ALLOCATION – CI CAMBRIDGE (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	15,643,710	—	—	15,643,710
TOTAL	15,643,710	—	—	15,643,710
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable
		to Contract Owners	to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (40%)	1.00	44,537	37,138
S&P/TSX (60%)	3.00	200,415	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	56,559,413	56,724,749
Premiums receivable	45,994	2,835
Receivable for securities sold	84,735	538
	<u>56,690,142</u>	<u>56,728,122</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	1,702	142
Accrued expenses	154,399	151,011
Withdrawals payable	167,613	37,519
Payable for securities purchased	—	570
	<u>323,714</u>	<u>189,242</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>56,366,428</u>	<u>56,538,880</u>
NET ASSETS PER UNIT		
Series 3	<u>6.12</u>	5.98
Series 5	<u>6.36</u>	6.20
Series 6	<u>5.76</u>	5.61
Series 7	<u>5.85</u>	5.67

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(168)	—
Changes in fair value:		
Net realized gain (loss) on investments	1,064,222	1,381,119
Net unrealized gain (loss) on investments	1,368,292	(3,260,649)
	<u>2,432,346</u>	<u>(1,879,530)</u>
EXPENSES		
Management fees and guarantee charge	770,231	748,764
Operating expenses	151,860	148,627
	<u>922,091</u>	<u>897,391</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,510,255</u>	<u>(2,776,921)</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	58,820	(114,896)
- per unit	0.15	(0.27)
Average Number of Units	388,097	431,400
SERIES 5		
Increase (Decrease) in Net Assets from Operations	1,362,947	(2,536,361)
- per unit	0.17	(0.29)
Average Number of Units	8,076,509	8,672,613
SERIES 6		
Increase (Decrease) in Net Assets from Operations	87,335	(123,968)
- per unit	0.15	(0.24)
Average Number of Units	586,514	511,931
SERIES 7		
Increase (Decrease) in Net Assets from Operations	1,153	(1,696)
- per unit	0.12	(0.23)
Average Number of Units	9,803	7,277

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	56,538,880	60,451,849
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>1,510,255</u>	(2,776,921)
Premiums		
Series 3	34,606	257,496
Series 5	705,090	819,231
Series 6	639,593	484,075
Series 7	29,018	—
	<u>1,408,307</u>	1,560,802
Withdrawals		
Series 3	(123,306)	(212,478)
Series 5	(2,681,133)	(4,101,610)
Series 6	(286,506)	(250,378)
Series 7	(69)	(63)
	<u>(3,091,014)</u>	(4,564,529)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>56,366,428</u>	54,671,201

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,510,255	(2,776,921)
Adjustments for:		
Net realized gain (loss)	(1,064,222)	(1,381,119)
Net unrealized gain (loss)	(1,368,292)	3,260,649
Proceeds from sale/maturity of investments	3,004,952	4,408,355
Investments purchased	(407,102)	(492,028)
Receivable for securities sold	(84,197)	(16,141)
Accrued expenses	3,388	(14,768)
Payable for securities purchased	(570)	(3,566)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>1,594,212</u>	2,984,461
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	1,365,148	1,566,116
Amounts paid on withdrawals	(2,960,920)	(4,547,600)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>(1,595,772)</u>	(2,981,484)
Increase (decrease) in cash/bank overdraft	(1,560)	2,977
Cash (bank overdraft), beginning of period	(142)	(4,124)
CASH (BANK OVERDRAFT), END OF PERIOD	<u>(1,702)</u>	(1,147)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	168	—

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

DFS GIF – GROWTH – FRANKLIN QUOTENTIAL (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Quotential Growth Portfolio	5,086,278	36,461,404	56,559,413
Total Investments		36,461,404	56,559,413
Other Net Assets (- 0.3%)			(192,985)
Net Assets (100%)			56,366,428

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	8.9%
Franklin U.S. Core Equity Fund	8.7%
Franklin Bissett Core Plus Bond Fund	8.2%
Franklin U.S. Rising Dividends Fund	7.6%
Franklin Mutual European Fund	7.6%
Franklin ActiveQuant Canadian Fund	6.5%
Franklin Templeton Canadian Large Cap Fund	5.4%
Franklin U.S. Opportunities Fund	5.2%
iShares Russell 1000 Value ETF	4.7%
Templeton Asian Growth Fund	4.5%
BMO MSCI Europe High Quality Hedged to CAD Index ETF	4.4%
Franklin Japan Fund	3.9%
Franklin Bissett Small Cap Fund	2.6%
S&P Depository Receipt EURO STOXX 50 ETF	2.6%
iShares S&P/TSX 60 Index ETF	2.6%
iShares MSCI Japan ETF	2.6%
Franklin Strategic Income Fund	2.1%
Templeton Emerging Markets Smaller Companies Fund	1.8%
Templeton Global Bond Fund	1.8%
Franklin Bissett Canadian Government Fund	1.4%
iShares Core MSCI Emerging Markets ETF	1.4%
Templeton Frontier Markets Fund	1.0%
S&P Depository Receipt Gold Trust ETF	1.0%
Franklin U.S. Low Duration Fund	1.0%
Franklin Bissett Canadian Short Term Bond Fund	0.8%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	56,559,413	—	—	56,559,413
TOTAL	56,559,413	—	—	56,559,413

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – GROWTH – FRANKLIN QUOTENTIAL (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (15%)	1.00	94,808	94,064
Bloomberg Barclays Multiverse Bond (5%)	1.00	31,603	31,355
S&P/TSX (35%)	3.00	663,655	658,448
MSCI All Country World Net (45%)	3.00	853,271	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 – DIVIDEND INCOME – FRANKLIN BISSETT

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	35,337
Investments at fair value through profit or loss (FVTPL)	194,100,783	202,869,263
Premiums receivable	43,438	51,185
Receivable for securities sold	376,112	154,548
	<u>194,520,333</u>	<u>203,110,333</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	4,776	—
Accrued expenses	492,199	507,139
Withdrawals payable	471,875	284,188
	<u>968,850</u>	<u>791,327</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>193,551,483</u>	<u>202,319,006</u>
NET ASSETS PER UNIT		
Series 3	<u>12.34</u>	12.39
Series 5	<u>12.86</u>	12.89
Series 6	<u>5.61</u>	5.62
Series 7	<u>5.71</u>	5.70

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(508)	—
Distributions from underlying funds	2,433,626	2,605,732
Changes in fair value:		
Net realized gain (loss) on investments	2,258,975	866,599
Net unrealized gain (loss) on investments	(2,127,123)	12,617,136
	<u>2,564,970</u>	<u>16,089,467</u>
EXPENSES		
Management fees and guarantee charge	2,287,041	2,160,202
Operating expenses	736,143	699,443
	<u>3,023,184</u>	<u>2,859,645</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(458,214)</u>	<u>13,229,822</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	<u>(138,640)</u>	2,549,009
- per unit	<u>(0.05)</u>	0.73
Average Number of Units	<u>3,041,654</u>	3,499,569
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>(284,122)</u>	10,206,428
- per unit	<u>(0.02)</u>	0.79
Average Number of Units	<u>11,715,959</u>	12,991,611
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>(34,251)</u>	439,251
- per unit	<u>(0.02)</u>	0.35
Average Number of Units	<u>1,571,472</u>	1,239,172
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>(1,201)</u>	35,134
- per unit	<u>(0.01)</u>	0.36
Average Number of Units	<u>117,332</u>	97,227

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

DFS GIF – DIVIDEND INCOME – FRANKLIN BISSETT (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	202,319,006	196,184,865
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(458,214)</u>	13,229,822
Premiums		
Series 3	936,687	586,988
Series 5	5,026,115	2,479,706
Series 6	2,053,156	711,931
Series 7	119,862	120,392
	<u>8,135,820</u>	3,899,017
Withdrawals		
Series 3	(3,603,861)	(4,720,467)
Series 5	(12,048,473)	(16,372,082)
Series 6	(786,567)	(417,716)
Series 7	(6,228)	(6,011)
	<u>(16,445,129)</u>	(21,516,276)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	193,551,483	191,797,428

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(458,214)	13,229,822
Adjustments for:		
Net realized gain (loss)	(2,258,975)	(866,599)
Net unrealized gain (loss)	2,127,123	(12,617,136)
Non-cash distribution from investments	(2,433,626)	(2,605,732)
Proceeds from sale/maturity of investments	12,384,414	20,688,527
Investments purchased	(1,050,456)	(111,885)
Receivable for securities sold	(221,564)	(9,369)
Accrued expenses	(14,940)	(12,348)
Payable for securities purchased	—	(8,673)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	8,073,762	17,686,607
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	8,143,567	3,732,302
Amounts paid on withdrawals	(16,257,442)	(21,350,701)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(8,113,875)	(17,618,399)
Increase (decrease) in cash/ bank overdraft	(40,113)	68,208
Cash (bank overdraft), beginning of period	35,337	(52,415)
CASH (BANK OVERDRAFT), END OF PERIOD	(4,776)	15,793
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	508	—

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Bissett Dividend Income Fund, Series O	4,562,783	161,299,959	194,100,783
Total Investments		161,299,959	194,100,783
Other Net Assets (-0.3%)			(549,300)
Net Assets (100%)			193,551,483

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	4.2%
Toronto-Dominion Bank	3.9%
Canadian Imperial Bank of Commerce	3.8%
Bank of Montreal	3.0%
Scotiabank	3.0%
Canadian National Railway Company	2.8%
Enbridge Income Fund Holdings	2.5%
IGM Financial	2.4%
Power Financial Corporation	2.3%
Enbridge	2.2%
Rogers Communications	1.9%
Brookfield Renewable Partners	1.9%
Inter Pipeline	1.9%
Brookfield Property Partners	1.8%
Fortis	1.8%
TELUS Corporation	1.6%
Restaurant Brands International	1.5%
McDonald's Corporation	1.5%
Russel Metals	1.4%
Johnson & Johnson	1.4%
Microsoft Corporation	1.4%
Freehold Royalties	1.4%
Wells Fargo & Company	1.3%
Pfizer	1.3%
Duke Energy Corporation	1.3%

DFS GIF – DIVIDEND INCOME – FRANKLIN BISSETT (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	194,100,783	—	—	194,100,783
TOTAL	194,100,783	—	—	194,100,783
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
FTSE TMX Canada Universe (15%)	1.00	280,501	288,443
S&P/TSX Preferred Share (5%)	3.00	280,501	288,443
S&P/TSX (60%)	3.00	3,366,006	3,461,316
S&P 500 (20%)	3.00	1,122,002	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	54,524	68,003
Investments at fair value through profit or loss (FVTPL)	23,343,531	23,190,369
Premiums receivable	6,301	93,841
Receivable for securities sold	26,286	—
	<u>23,430,642</u>	<u>23,352,213</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	59,878	58,305
Withdrawals payable	31,426	7,385
Payable for securities purchased	—	24,215
	<u>91,304</u>	<u>89,905</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>23,339,338</u>	<u>23,262,308</u>
NET ASSETS PER UNIT		
Series 5	<u>7.83</u>	8.17
Series 6	<u>5.99</u>	6.24
Series 7	<u>6.06</u>	6.30

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Distributions from underlying funds	424,540	325,095
Changes in fair value:		
Net realized gain (loss) on investments	147,302	45,153
Net unrealized gain (loss) on investments	(1,197,691)	750,156
	<u>(625,849)</u>	<u>1,120,404</u>
EXPENSES		
Management fees and guarantee charge	316,825	259,032
Operating expenses	43,321	36,507
	<u>360,146</u>	<u>295,539</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(985,995)</u>	<u>824,865</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>(783,459)</u>	710,819
- per unit	<u>(0.33)</u>	0.30
Average Number of Units	<u>2,359,132</u>	2,387,418
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>(195,690)</u>	113,084
- per unit	<u>(0.27)</u>	0.25
Average Number of Units	<u>725,697</u>	450,855
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>(6,846)</u>	962
- per unit	<u>(0.30)</u>	0.25
Average Number of Units	<u>22,584</u>	3,864

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>23,262,308</u>	19,255,572
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(985,995)</u>	824,865
Premiums		
Series 5	2,862,884	1,521,751
Series 6	1,411,471	834,582
Series 7	125,000	—
	<u>4,399,355</u>	2,356,333
Withdrawals		
Series 5	(3,165,530)	(1,946,868)
Series 6	(138,255)	(279,448)
Series 7	(32,545)	—
	<u>(3,336,330)</u>	(2,226,316)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>23,339,338</u>	20,210,454

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(985,995)	824,865
Adjustments for:		
Net realized gain (loss)	(147,302)	(45,153)
Net unrealized gain (loss)	1,197,691	(750,156)
Non-cash distribution from investments	(424,540)	(325,095)
Proceeds from sale/maturity of investments	1,034,592	1,145,672
Investments purchased	(1,813,603)	(888,055)
Receivable for securities sold	(26,286)	(7,070)
Accrued expenses	1,573	1,808
Payable for securities purchased	(24,215)	(43,999)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(1,188,085)</u>	(87,183)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	4,486,895	2,290,661
Amounts paid on withdrawals	(3,312,289)	(2,225,079)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>1,174,606</u>	65,582
Increase (decrease) in cash/ bank overdraft	(13,479)	(21,601)
Cash (bank overdraft), beginning of period	68,003	72,368
CASH (BANK OVERDRAFT), END OF PERIOD	<u>54,524</u>	50,767

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

DFS GIF – CANADIAN DIVIDEND – NEI NORTHWEST (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.0%)		\$	\$
NEI Northwest Canadian Dividend Fund, Series I	1,315,425	20,890,337	23,343,531
Total Investments		20,890,337	23,343,531
Other Net Assets (- 0.0%)			(4,193)
Net Assets (100%)			23,339,338

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	5.2%
Royal Bank of Canada	4.7%
BCE	3.4%
Manulife Financial Corporation	3.0%
Scotiabank	2.9%
Brookfield Property Partners	2.9%
Husky Energy	2.8%
Rogers Communications	2.7%
Power Financial Corporation	2.6%
Shaw Communications	2.6%
Hydro One	2.5%
Sun Life Financial	2.5%
Canadian Imperial Bank of Commerce	2.3%
Intact Financial Corporation	2.2%
TELUS Corporation	2.2%
Bank of Montreal	2.2%
RioCan Real Estate Investment Trust	2.1%
Cenovus Energy	1.9%
Agrium	1.9%
Superior Plus Corporation	1.9%
Crescent Point Energy	1.9%
Enbridge Income Fund Holdings	1.8%
North West Company Inc.	1.6%
Brookfield Renewable Partners	1.5%
Laurentian Bank of Canada	1.5%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	23,343,531	—	—	23,343,531
TOTAL	23,343,531	—	—	23,343,531

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – CANADIAN DIVIDEND – NEI NORTHWEST (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX	3.00	542,063	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 – JARISLOWSKY FRASER

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	2,432	—
Investments at fair value through profit or loss (FVTPL)	146,565,418	155,659,188
Premiums receivable	14,073	1,331
Receivable for securities sold	—	29,051
	<u>146,581,923</u>	<u>155,689,570</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	—	32,889
Accrued expenses	360,141	380,917
Withdrawals payable	129,333	325,198
	<u>489,474</u>	<u>739,004</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>146,092,449</u>	<u>154,950,566</u>
NET ASSETS PER UNIT		
Series 3	<u>7.31</u>	7.44
Series 5	<u>7.78</u>	7.90
Series 6	<u>5.57</u>	5.65
Series 7	<u>5.62</u>	5.69

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(406)	—
Distributions from underlying funds	1,792,429	1,949,205
Changes in fair value:		
Net realized gain (loss) on investments	654,866	(425,176)
Net unrealized gain (loss) on investments	(2,330,560)	7,082,128
	<u>116,329</u>	<u>8,606,157</u>
EXPENSES		
Management fees and guarantee charge	1,631,123	1,573,022
Operating expenses	602,945	581,927
	<u>2,234,068</u>	<u>2,154,949</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(2,117,739)</u>	<u>6,451,208</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	(59,373)	158,359
- per unit	(0.12)	0.26
Average Number of Units	<u>488,664</u>	<u>616,395</u>
SERIES 5		
Increase (Decrease) in Net Assets from Operations	(2,033,836)	6,284,153
- per unit	(0.11)	0.31
Average Number of Units	<u>18,578,385</u>	<u>20,546,917</u>
SERIES 6		
Increase (Decrease) in Net Assets from Operations	(18,014)	7,742
- per unit	(0.09)	0.21
Average Number of Units	<u>203,246</u>	<u>37,336</u>
SERIES 7		
Increase (Decrease) in Net Assets from Operations	(6,516)	954
- per unit	(0.20)	0.24
Average Number of Units	<u>31,975</u>	<u>4,000</u>

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

DFS GIF – CANADIAN EQUITY – JARISLOWSKY FRASER (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	154,950,566	150,671,854
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(2,117,739)</u>	6,451,208
Premiums		
Series 3	38,449	54,835
Series 5	1,749,753	1,015,586
Series 6	459,086	304,140
Series 7	260,010	—
	<u>2,507,298</u>	1,374,561
Withdrawals		
Series 3	(518,139)	(630,536)
Series 5	(8,686,009)	(9,536,771)
Series 6	(43,528)	(4,914)
Series 7	—	—
	<u>(9,247,676)</u>	(10,172,221)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	146,092,449	148,325,402

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(2,117,739)	6,451,208
Adjustments for:		
Net realized gain (loss)	(654,866)	425,176
Net unrealized gain (loss)	2,330,560	(7,082,128)
Non-cash distribution from investments	(1,792,429)	(1,949,205)
Proceeds from sale/maturity of investments	15,402,274	11,281,513
Investments purchased	(6,191,769)	(159,757)
Receivable for securities sold	29,051	—
Accrued expenses	<u>(20,776)</u>	(4,118)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	6,984,306	8,962,689
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	2,494,556	1,334,293
Amounts paid on withdrawals	<u>(9,443,541)</u>	(10,093,741)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(6,948,985)	(8,759,448)
Increase (decrease) in cash/bank overdraft	35,321	203,241
Cash (bank overdraft), beginning of period	<u>(32,889)</u>	(215,940)
CASH (BANK OVERDRAFT), END OF PERIOD	2,432	(12,699)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>406</u>	—

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Jarislowsky Fraser Canadian Equity Fund	4,557,312	139,485,576	146,565,418
Total Investments		139,485,576	146,565,418
Other Net Assets (-0.3%)			(472,969)
Net Assets (100%)			146,092,449

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	8.4%
Royal Bank of Canada	7.1%
Jarislowsky Fraser Special Equity Fund	6.6%
Scotiabank	6.5%
Enbridge	5.7%
Canadian National Railway Company	5.3%
Canadian Natural Resources	4.1%
Manulife Financial Corporation	4.0%
Alimentation Couche-Tard	3.4%
Open Text Corporation	3.3%
Gildan Activewear	2.9%
Pembina Pipeline Corporation	2.7%
Canadian Tire Corporation	2.6%
SNC-Lavalin Group	2.5%
Thomson Reuters Corporation	2.5%
Loblaw Companies	2.4%
CGI Group	2.4%
Metro	2.3%
Intact Financial Corporation	2.3%
CCL Industries	2.2%
Potash Corporation of Saskatchewan	2.0%
Industrial Alliance, Insurance and Financial Services	1.9%
Great-West Lifeco	1.9%
Saputo	1.9%
Stantec	1.6%

DFS GIF – CANADIAN EQUITY – JARISLOWSKY FRASER (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	146,565,418	—	146,565,418
TOTAL	—	146,565,418	—	146,565,418
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX	3.00	3,670,928	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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®

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	1,013
Investments at fair value through profit or loss (FVTPL)	35,708,933	34,092,540
Premiums receivable	32,957	26,316
Receivable for securities sold	31,477	—
	35,773,367	34,119,869
LIABILITIES		
Current Liabilities		
Bank overdraft	1,583	—
Accrued expenses	94,246	89,042
Withdrawals payable	57,914	5,750
Payable for securities purchased	9,236	20,455
	162,979	115,247
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	35,610,388	34,004,622
NET ASSETS PER UNIT		
Series 3	10.56	10.57
Series 5	10.89	10.88
Series 6	5.81	5.80
Series 7	5.92	5.88

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(107)	—
Changes in fair value:		
Net realized gain (loss) on investments	322,448	231,419
Net unrealized gain (loss) on investments	297,049	1,279,491
	619,390	1,510,910
EXPENSES		
Management fees and guarantee charge	467,255	393,155
Operating expenses	88,252	79,904
	555,507	473,059
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	63,883	1,037,851
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	2,432	40,541
- per unit	0.02	0.32
Average Number of Units	121,428	124,981
SERIES 5		
Increase (Decrease) in Net Assets from Operations	39,595	658,807
- per unit	0.02	0.32
Average Number of Units	1,958,604	2,051,093
SERIES 6		
Increase (Decrease) in Net Assets from Operations	17,658	300,849
- per unit	0.01	0.22
Average Number of Units	2,011,872	1,384,193
SERIES 7		
Increase (Decrease) in Net Assets from Operations	4,198	37,654
- per unit	0.03	0.21
Average Number of Units	144,069	181,650

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	34,004,622	29,908,267
Increase (Decrease) in Net Assets from operations attributable to contract owners	63,883	1,037,851
Premiums		
Series 3	125,262	237,859
Series 5	3,262,082	2,453,872
Series 6	3,286,918	2,730,275
Series 7	97,940	40,027
	6,772,202	5,462,033
Withdrawals		
Series 3	(299,473)	(222,837)
Series 5	(3,957,328)	(3,388,789)
Series 6	(873,274)	(514,777)
Series 7	(100,244)	(123,217)
	(5,230,319)	(4,249,620)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	35,610,388	32,158,531

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	63,883	1,037,851
Adjustments for:		
Net realized gain (loss)	(322,448)	(231,419)
Net unrealized gain (loss)	(297,049)	(1,279,491)
Proceeds from sale/maturity of investments	1,770,916	1,957,690
Investments purchased	(2,767,812)	(2,606,176)
Receivable for securities sold	(31,477)	—
Accrued expenses	5,204	4,654
Payable for securities purchased	(11,219)	158,734
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(1,590,002)	(958,157)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	6,765,561	5,183,808
Amounts paid on withdrawals	(5,178,155)	(4,221,164)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	1,587,406	962,644
Increase (decrease) in cash/ bank overdraft	(2,596)	4,487
Cash (bank overdraft), beginning of period	1,013	15,527
CASH (BANK OVERDRAFT), END OF PERIOD	(1,583)	20,014
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	107	—

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

DFS GIF – CANADIAN EQUITY – FIDELITY TRUE NORTH® (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Fidelity True North® Fund, Series O	734,682	29,390,443	35,708,933
Total Investments		29,390,443	35,708,933
Other Net Assets (-0.3%)			(98,545)
Net Assets (100%)			35,610,388

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	8.1%
Canadian National Railway Company	4.6%
Rogers Communications, Class B	3.9%
CGI Group	3.7%
Enbridge	3.2%
Suncor Energy	3.0%
Royal Bank of Canada	2.9%
Restaurant Brands International	2.8%
Alimentation Couche-Tard	2.6%
Loblaw Companies	2.6%
Metro	2.6%
Manulife Financial Corporation	2.3%
Constellation Software	2.2%
Power Financial Corporation	2.0%
SNC-Lavalin Group	2.0%
Franco-Nevada Corporation	1.6%
Intact Financial Corporation	1.6%
PrairieSky Royalty	1.4%
Canadian Natural Resources	1.3%
CAE Inc.	1.2%
Peyto Exploration & Development Corporation	1.2%
Fairfax Financial Holdings	1.1%
TELUS Corporation	1.1%
Quebecor World Inc.	1.1%
Dollarama	1.1%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	35,708,933	—	—	35,708,933
TOTAL	35,708,933	—	—	35,708,933

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – CANADIAN EQUITY – FIDELITY TRUE NORTH® (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX Capped	3.00	654,223	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 – FRANKLIN BISSETT

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	83,246	90,974
Investments at fair value through profit or loss (FVTPL)	64,922,044	67,494,746
Premiums receivable	34,722	221,648
Receivable for securities sold	91,493	13,996
	<u>65,131,505</u>	<u>67,821,364</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	184,880	192,304
Withdrawals payable	96,740	40,550
Payable for securities purchased	17,226	68,845
	<u>298,846</u>	<u>301,699</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>64,832,659</u>	<u>67,519,665</u>
NET ASSETS PER UNIT		
Series 1	<u>5.03</u>	5.05
Series 3	<u>12.63</u>	12.65
Series 5	<u>13.38</u>	13.37
Series 6	<u>5.75</u>	5.74
Series 7	<u>5.84</u>	5.82
Series IGP	<u>10.16</u>	10.12

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	9,270	—
Changes in fair value:		
Net realized gain (loss) on investments	858,790	787,112
Net unrealized gain (loss) on investments	239,503	2,094,177
	<u>1,107,563</u>	<u>2,881,289</u>
EXPENSES		
Management fees and guarantee charge	985,628	394,001
Operating expenses	154,839	83,005
	<u>1,140,467</u>	<u>477,006</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(32,904)</u>	<u>2,404,283</u>
DATA PER SERIES		
SERIES 1*		
Increase (Decrease) in Net Assets from Operations	<u>(46,653)</u>	—
- per unit	<u>(0.02)</u>	—
Average Number of Units	<u>3,013,515</u>	—
SERIES 3		
Increase (Decrease) in Net Assets from Operations	<u>(31,834)</u>	1,202,265
- per unit	<u>(0.02)</u>	0.89
Average Number of Units	<u>2,059,954</u>	1,353,098
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>21,454</u>	991,459
- per unit	<u>0.02</u>	0.96
Average Number of Units	<u>1,301,943</u>	1,031,869
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>8,910</u>	207,556
- per unit	<u>0.01</u>	0.41
Average Number of Units	<u>815,961</u>	503,718
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>3,395</u>	3,003
- per unit	<u>0.05</u>	0.47
Average Number of Units	<u>64,911</u>	6,441
SERIES IGP*		
Increase (Decrease) in Net Assets from Operations	<u>11,824</u>	—
- per unit	<u>0.04</u>	—
Average Number of Units	<u>269,057</u>	—

* Beginning of operations in November 2016.

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

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>67,519,665</u>	29,611,016
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(32,904)</u>	2,404,283
Premiums		
Series 1*	62,391	—
Series 3	754,747	377,077
Series 5	2,681,895	812,568
Series 6	987,903	444,487
Series 7	270,174	300
Series IGP*	7,910	—
	<u>4,765,020</u>	1,634,432
Withdrawals		
Series 1*	(1,269,370)	—
Series 3	(2,389,545)	(1,743,370)
Series 5	(2,696,563)	(1,770,643)
Series 6	(794,463)	(317,804)
Series 7	(175,367)	(19,067)
Series IGP*	(93,814)	—
	<u>(7,419,122)</u>	(3,850,884)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>64,832,659</u>	29,798,847

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(32,904)	2,404,283
Adjustments for:		
Net realized gain (loss)	(858,790)	(787,112)
Net unrealized gain (loss)	(239,503)	(2,094,177)
Proceeds from sale/maturity of investments	4,701,382	3,002,524
Investments purchased	(1,030,387)	(319,562)
Receivable for securities sold	(77,497)	(29,817)
Accrued expenses	(7,424)	377
Payable for securities purchased	(51,619)	—
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>2,403,258</u>	2,176,516
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	4,951,946	1,604,563
Amounts paid on withdrawals	(7,362,932)	(3,787,879)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>(2,410,986)</u>	(2,183,316)
Increase (decrease) in cash/ bank overdraft	(7,728)	(6,800)
Cash (bank overdraft), beginning of period	<u>90,974</u>	88,334
CASH (BANK OVERDRAFT), END OF PERIOD	<u>83,246</u>	81,534
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>139</u>	—

* Beginning of operations in November 2016.

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.1%)		\$	\$
Franklin Bissett Canadian Equity Fund, Series O	431,175	53,167,670	64,922,044
Total Investments		53,167,670	64,922,044
Other Net Assets (-0.1%)			(89,385)
Net Assets (100%)			64,832,659

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	6.6%
Canadian National Railway Company	5.9%
Restaurant Brands International	5.3%
Royal Bank of Canada	5.1%
Toronto-Dominion Bank	4.8%
Canadian Imperial Bank of Commerce	4.3%
Bank of Montreal	4.2%
Scotiabank	4.0%
Onex Corporation	3.7%
Canadian Pacific Railway	3.6%
Enbridge	3.1%
Metro	2.7%
Franco-Nevada Corporation	2.7%
Alimentation Couche-Tard	2.6%
Saputo	2.2%
Dollarama	2.1%
Toromont Industries Ltd	2.1%
Atco Ltd	2.1%
Power Corporation of Canada	2.0%
Thomson Reuters Corporation	1.9%
Stantec	1.8%
Enghouse Systems Ltd	1.7%
TransCanada Corporation	1.6%
Inter Pipeline	1.6%
Rogers Communications, Class B	1.5%

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

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	64,922,044	—	—	64,922,044
TOTAL	64,922,044	—	—	64,922,044
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX	3.00	1,803,169	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	15,006	26,836
Investments at fair value through profit or loss (FVTPL)	16,063,140	16,701,009
Premiums receivable	590	5,213
Receivable for securities sold	23,998	1,149
	<u>16,102,734</u>	<u>16,734,207</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	45,286	46,405
Withdrawals payable	14,564	6,046
Payable for securities purchased	—	1,691
	<u>59,850</u>	<u>54,142</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>16,042,884</u>	<u>16,680,065</u>
NET ASSETS PER UNIT		
Series 3	<u>6.49</u>	6.42
Series 5	<u>6.90</u>	6.80
Series 6	<u>4.92</u>	4.85
Series 7	<u>4.98</u>	4.90

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(19)	—
Changes in fair value:		
Net realized gain (loss) on investments	201,197	(32,405)
Net unrealized gain (loss) on investments	296,425	1,958,153
	<u>497,603</u>	<u>1,925,748</u>
EXPENSES		
Management fees and guarantee charge	243,401	228,992
Operating expenses	32,448	30,766
	<u>275,849</u>	<u>259,758</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>221,754</u>	<u>1,665,990</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	33,219	325,274
- per unit	0.07	0.60
Average Number of Units	463,556	545,700
SERIES 5		
Increase (Decrease) in Net Assets from Operations	165,549	1,211,508
- per unit	0.10	0.65
Average Number of Units	1,705,548	1,871,729
SERIES 6		
Increase (Decrease) in Net Assets from Operations	22,704	127,228
- per unit	0.07	0.48
Average Number of Units	330,978	264,968
SERIES 7		
Increase (Decrease) in Net Assets from Operations	282	1,980
- per unit	0.06	0.49
Average Number of Units	4,811	4,054

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	16,680,065	15,473,721
Increase (Decrease) in Net Assets from operations attributable to contract owners	221,754	1,665,990
Premiums		
Series 3	22,125	40,686
Series 5	1,582,858	1,177,665
Series 6	368,517	248,119
Series 7	7,369	—
	1,980,869	1,466,470
Withdrawals		
Series 3	(342,484)	(268,443)
Series 5	(2,434,140)	(1,851,448)
Series 6	(63,180)	(182,622)
Series 7	—	—
	(2,839,804)	(2,302,513)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	16,042,884	16,303,668

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	221,754	1,665,990
Adjustments for:		
Net realized gain (loss)	(201,197)	32,405
Net unrealized gain (loss)	(296,425)	(1,958,153)
Proceeds from sale/maturity of investments	1,384,473	1,482,076
Investments purchased	(248,982)	(332,539)
Receivable for securities sold	(22,849)	(2,599)
Accrued expenses	(1,119)	2,234
Payable for securities purchased	(1,691)	(11,001)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	833,964	878,413
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	1,985,492	1,403,284
Amounts paid on withdrawals	(2,831,286)	(2,296,028)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(845,794)	(892,744)
Increase (decrease) in cash/ bank overdraft	(11,830)	(14,331)
Cash (bank overdraft), beginning of period	26,836	38,182
CASH (BANK OVERDRAFT), END OF PERIOD	15,006	23,851
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	19	—

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

DFS GIF – SPECIALTY EQUITY – NEI NORTHWEST (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.1%)		\$	\$
NEI Northwest Specialty Equity Fund, Series I	808,245	13,514,469	16,063,140
Total Investments		13,514,469	16,063,140
Other Net Assets (-0.1%)			(20,256)
Net Assets (100%)			16,042,884

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

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
Parex Resources	5.7%
New Flyer Industries	5.6%
Boyd Group Income Fund	5.3%
Lassonde Industries	5.2%
Winpak Ltd	5.0%
Premium Brands Holdings Corporation	4.6%
Industrial Alliance, Insurance and Financial Services	4.4%
Dollarama	4.3%
Fortuna Silver Mines	3.6%
Kinaxis	3.2%
Andrew Peller	3.0%
Descartes Systems Group	3.0%
Sleep Country Canada Holdings	3.0%
FirstService Corporation	3.0%
Osisko Gold Royalties	2.9%
Laurentian Bank of Canada	2.9%
Advantage Oil & Gas	2.8%
Stella-Jones	2.6%
Equitable Group	2.5%
ECN CAPITAL	2.0%
WSP Global	1.8%
Metro	1.7%
Richelieu Hardware Ltd	1.7%
Cipher Pharmaceuticals	1.6%
Bonterra Energy	1.6%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	16,063,140	—	—	16,063,140
TOTAL	16,063,140	—	—	16,063,140

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – SPECIALTY EQUITY – NEI NORTHWEST (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX Small Cap (50%)	3.00	178,270	191,882
S&P/TSX Completion (50%)	3.00	178,270	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 – SMALL CAP – FRANKLIN BISSETT

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	3,827	7,157
Investments at fair value through profit or loss (FVTPL)	17,655,286	19,282,509
Premiums receivable	1,879	115,286
Receivable for securities sold	99	—
	<u>17,661,091</u>	<u>19,404,952</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	48,796	52,665
Withdrawals payable	1,706	19,895
Payable for securities purchased	4,020	93,264
	<u>54,522</u>	<u>165,824</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>17,606,569</u>	<u>19,239,128</u>
NET ASSETS PER UNIT		
Series 3	<u>15.95</u>	17.26
Series 5	<u>16.94</u>	18.27
Series 6	<u>4.49</u>	4.84
Series 7	<u>4.53</u>	4.88

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	408	—
Changes in fair value:		
Net realized gain (loss) on investments	181,479	(71,263)
Net unrealized gain (loss) on investments	(1,306,233)	2,584,232
	<u>(1,124,346)</u>	<u>2,512,969</u>
EXPENSES		
Management fees and guarantee charge	269,788	240,878
Operating expenses	40,673	37,209
	<u>310,461</u>	<u>278,087</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>(1,434,807)</u>	<u>2,234,882</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	(522,373)	869,737
- per unit	(1.31)	1.88
Average Number of Units	<u>398,037</u>	<u>463,069</u>
SERIES 5		
Increase (Decrease) in Net Assets from Operations	(678,538)	1,118,193
- per unit	(1.34)	2.05
Average Number of Units	<u>507,494</u>	<u>546,507</u>
SERIES 6		
Increase (Decrease) in Net Assets from Operations	(209,763)	243,032
- per unit	(0.35)	0.56
Average Number of Units	<u>607,745</u>	<u>431,431</u>
SERIES 7		
Increase (Decrease) in Net Assets from Operations	(24,133)	3,920
- per unit	(0.41)	0.56
Average Number of Units	<u>59,140</u>	<u>7,035</u>

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

DFS GIF – SMALL CAP – FRANKLIN BISSETT (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>19,239,128</u>	16,168,444
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>(1,434,807)</u>	2,234,882
Premiums		
Series 3	136,213	111,698
Series 5	969,072	665,529
Series 6	766,759	391,355
Series 7	278,544	300
	<u>2,150,588</u>	1,168,882
Withdrawals		
Series 3	(789,574)	(728,806)
Series 5	(1,063,922)	(1,276,446)
Series 6	(494,790)	(192,580)
Series 7	(54)	(625)
	<u>(2,348,340)</u>	(2,198,457)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>17,606,569</u>	17,373,751

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	(1,434,807)	2,234,882
Adjustments for:		
Net realized gain (loss)	(181,479)	71,263
Net unrealized gain (loss)	1,306,233	(2,584,232)
Proceeds from sale/maturity of investments	1,553,421	1,773,644
Investments purchased	(1,050,952)	(474,322)
Receivable for securities sold	(99)	(34,980)
Accrued expenses	(3,869)	4,237
Payable for securities purchased	(89,244)	(13,653)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>99,204</u>	976,839
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	2,263,995	1,164,406
Amounts paid on withdrawals	(2,366,529)	(2,142,501)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>(102,534)</u>	(978,095)
Increase (decrease) in cash/ bank overdraft	(3,330)	(1,256)
Cash (bank overdraft), beginning of period	7,157	668
CASH (BANK OVERDRAFT), END OF PERIOD	<u>3,827</u>	(588)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>67</u>	—

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Franklin Bissett Small Cap Fund, Series O	216,470	15,916,516	17,655,286
Total Investments		15,916,516	17,655,286
Other Net Assets (-0.3%)			(48,717)
Net Assets (100%)			17,606,569

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	6.5%
Canam Group	5.9%
Trican Well Service Ltd	5.8%
Equitable Group	5.2%
Leon's Furniture Ltd	5.0%
Transcontinental	4.9%
Total Energy Services	4.0%
Sandvine Corporation	3.5%
Transat A.T.	3.5%
Major Drilling Group International	3.4%
Westaim Corporation	3.4%
Advantage Oil & Gas	3.1%
Richelieu Hardware Ltd	3.1%
AGF Management Ltd	3.1%
Winpak Ltd	2.7%
Xtreme Drilling and Coil Services Corporation	2.7%
Reitmans (Canada) Ltd	2.5%
Trinidad Drilling	2.1%
HNZ Group	2.0%
Horizon North Logistics	2.0%
NuVista Energy Ltd	1.9%
Delphi Energy Corporation	1.9%
Storm Resources Ltd	1.9%
AKITA Drilling Ltd	1.6%
Blackpearl Resources Inc.	1.4%

DFS GIF – SMALL CAP – FRANKLIN BISSETT (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	17,655,286	—	—	17,655,286
TOTAL	17,655,286	—	—	17,655,286
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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P/TSX Small Cap	3.00	332,717	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Investments at fair value through profit or loss (FVTPL)	24,974,921	21,741,988
Premiums receivable	8,318	51,399
Receivable for securities sold	8,439	57,429
	<u>24,991,678</u>	<u>21,850,816</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	2,882	52,666
Accrued expenses	64,775	55,061
Withdrawals payable	51,011	40,247
	<u>118,668</u>	<u>147,974</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>24,873,010</u>	<u>21,702,842</u>
NET ASSETS PER UNIT		
Series 3	<u>7.40</u>	6.95
Series 5	<u>7.94</u>	7.43
Series 6	<u>7.28</u>	6.81
Series 7	<u>7.37</u>	6.88

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(347)	—
Distributions from underlying funds	253,623	147,133
Changes in fair value:		
Net realized gain (loss) on investments	182,522	245,375
Net unrealized gain (loss) on investments	1,465,821	(1,251,280)
	<u>1,901,619</u>	<u>(858,772)</u>
EXPENSES		
Management fees and guarantee charge	305,689	247,335
Operating expenses	60,753	50,516
	<u>366,442</u>	<u>297,851</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,535,177</u>	<u>(1,156,623)</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	259,657	(274,546)
- per unit	0.47	(0.42)
Average Number of Units	557,488	659,126
SERIES 5		
Increase (Decrease) in Net Assets from Operations	804,001	(622,099)
- per unit	0.52	(0.42)
Average Number of Units	1,558,636	1,491,316
SERIES 6		
Increase (Decrease) in Net Assets from Operations	461,907	(252,933)
- per unit	0.44	(0.30)
Average Number of Units	1,042,363	850,795
SERIES 7		
Increase (Decrease) in Net Assets from Operations	9,612	(7,045)
- per unit	0.35	(0.23)
Average Number of Units	27,258	30,459

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	21,702,842	20,653,706
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,535,177	(1,156,623)
Premiums		
Series 3	88,417	263,402
Series 5	2,106,270	1,197,494
Series 6	2,015,683	1,619,071
Series 7	90,432	69,880
	4,300,802	3,149,847
Withdrawals		
Series 3	(397,445)	(608,593)
Series 5	(1,596,964)	(1,734,615)
Series 6	(661,196)	(447,417)
Series 7	(10,206)	(13)
	(2,665,811)	(2,790,638)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	24,873,010	19,856,292

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,535,177	(1,156,623)
Adjustments for:		
Net realized gain (loss)	(182,522)	(245,375)
Net unrealized gain (loss)	(1,465,821)	1,251,280
Non-cash distribution from investments	(253,623)	(147,133)
Proceeds from sale/maturity of investments	3,272,866	1,858,218
Investments purchased	(4,603,833)	(2,148,740)
Receivable for securities sold	48,990	—
Accrued expenses	9,714	(1,438)
Payable for securities purchased	—	(2,210)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(1,639,052)	(592,021)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	4,343,883	3,358,420
Amounts paid on withdrawals	(2,655,047)	(2,768,936)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	1,688,836	589,484
Increase (decrease) in cash/ bank overdraft	49,784	(2,537)
Cash (bank overdraft), beginning of period	(52,666)	15,479
CASH (BANK OVERDRAFT), END OF PERIOD	(2,882)	12,942
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	63	—

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

DFS GIF – AMERICAN EQUITY – MFS (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.4%)		\$	\$
MFS MB U.S. Equity Core Fund	1,503,997	21,307,394	24,974,921
Total Investments		21,307,394	24,974,921
Other Net Assets (-0.4%)			(101,911)
Net Assets (100%)			24,873,010

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	3.8%
Bank of America Corporation	3.2%
Visa	3.1%
Alphabet, Class A	2.9%
Thermo Fisher Scientific	2.9%
American Tower Corporation	2.7%
Broadcom	2.6%
Cognizant Technology Solutions Corporation	2.3%
Comcast Corporation	2.3%
Alphabet, Class C	2.3%
Danaher Corporation	2.1%
Canadian National Railway Company	2.1%
Newell Brands	2.1%
Accenture	2.1%
Mastercard	2.0%
Goldman Sachs Group	2.0%
Fidelity National Information Services	2.0%
Medtronic	1.9%
Honeywell International	1.9%
Schlumberger	1.9%
Monsanto Corporation	1.8%
Crown Holdings	1.7%
Mondelez International	1.7%
EOG Resources	1.6%
Eli Lilly and Company	1.5%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS

Investment Objective

To outperform the S&P 500.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	24,974,921	—	24,974,921
TOTAL	—	24,974,921	—	24,974,921

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – AMERICAN EQUITY – MFS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P 500	3.00	735,669	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 VALUE – DESJARDINS

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	59,548	65,211
Investments at fair value through profit or loss (FVTPL)	26,005,896	24,739,481
Premiums receivable	7,696	173,457
Receivable for securities sold	41,334	—
	<u>26,114,474</u>	<u>24,978,149</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	68,593	63,496
Withdrawals payable	47,189	6,112
Payable for securities purchased	1,763	118,035
	<u>117,545</u>	<u>187,643</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>25,996,929</u>	<u>24,790,506</u>
NET ASSETS PER UNIT		
Series 1	<u>8.57</u>	8.60
Series 3	<u>9.43</u>	9.42
Series 5	<u>9.56</u>	9.55
Series 6	<u>7.22</u>	7.21
Series 7	<u>7.35</u>	7.32

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	41	—
Distributions from underlying funds	—	287,965
Changes in fair value:		
Net realized gain (loss) on investments	349,843	434,775
Net unrealized gain (loss) on investments	77,272	(1,334,321)
	<u>427,156</u>	<u>(611,581)</u>
EXPENSES		
Management fees and guarantee charge	343,522	292,003
Operating expenses	60,921	54,483
	<u>404,443</u>	<u>346,486</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>22,713</u>	<u>(958,067)</u>
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	(5,657)	(132,746)
- per unit	(0.02)	(0.36)
Average Number of Units	<u>334,615</u>	<u>363,885</u>
SERIES 3		
Increase (Decrease) in Net Assets from Operations	11,590	(151,368)
- per unit	0.03	(0.39)
Average Number of Units	<u>346,218</u>	<u>390,726</u>
SERIES 5		
Increase (Decrease) in Net Assets from Operations	10,652	(485,289)
- per unit	0.01	(0.36)
Average Number of Units	<u>1,259,302</u>	<u>1,357,661</u>
SERIES 6		
Increase (Decrease) in Net Assets from Operations	2,393	(162,293)
- per unit	—	(0.22)
Average Number of Units	<u>966,122</u>	<u>734,423</u>
SERIES 7		
Increase (Decrease) in Net Assets from Operations	3,735	(26,371)
- per unit	0.04	(0.47)
Average Number of Units	<u>83,839</u>	<u>56,119</u>

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

DFS GIF – AMERICAN EQUITY VALUE – DESJARDINS (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>24,790,506</u>	23,515,828
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>22,713</u>	(958,067)
Premiums		
Series 1	18,965	45,911
Series 3	194,455	286,469
Series 5	1,646,413	2,000,875
Series 6	1,673,727	1,149,252
Series 7	377,934	30,017
	<u>3,911,494</u>	3,512,524
Withdrawals		
Series 1	(74,353)	(180,676)
Series 3	(492,696)	(525,338)
Series 5	(1,628,605)	(2,117,167)
Series 6	(531,509)	(526,084)
Series 7	(621)	(361,272)
	<u>(2,727,784)</u>	(3,710,537)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>25,996,929</u>	22,359,748

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	22,713	(958,067)
Adjustments for:		
Net realized gain (loss)	(349,843)	(434,775)
Net unrealized gain (loss)	(77,272)	1,334,321
Non-cash distribution from investments	—	(287,965)
Proceeds from sale/maturity of investments	1,289,853	2,295,689
Investments purchased	(2,128,949)	(1,731,364)
Receivable for securities sold	(41,334)	(527)
Accrued expenses	5,097	(1,892)
Payable for securities purchased	(116,272)	(19,604)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(1,396,007)</u>	195,816
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	4,077,255	3,489,534
Amounts paid on withdrawals	(2,686,707)	(3,707,551)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>1,390,548</u>	(218,017)
Effect of exchange rate changes on foreign cash	(204)	(409)
Increase (decrease) in cash/bank overdraft	(5,663)	(22,610)
Cash (bank overdraft), beginning of period	<u>65,211</u>	86,275
CASH (BANK OVERDRAFT), END OF PERIOD	<u>59,548</u>	63,665
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>10</u>	—

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.0%)		\$	\$
Desjardins American Equity Value Fund, I-Class	957,542	19,329,160	26,005,896
Total Investments		19,329,160	26,005,896
Other Net Assets (-0.0%)			(8,967)
Net Assets (100%)			25,996,929

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	3.9%
JPMorgan Chase & Company	3.6%
Citigroup	3.2%
Chevron Corporation	2.5%
Exxon Mobil Corporation	2.4%
Merck & Company	2.3%
Wells Fargo & Company	2.2%
Intel Corporation	2.2%
Cisco Systems	2.1%
Bristol-Myers Squibb Company	1.7%
Ametek	1.5%
PNC Financial Services Group	1.5%
Philip Morris International	1.5%
AstraZeneca	1.5%
Chubb	1.4%
Prudential Financial	1.4%
Eversource Energy	1.4%
Comcast Corporation	1.3%
Walgreens Boots Alliance	1.3%
Lockheed Martin Corporation	1.2%
MetLife	1.2%
Honeywell International	1.2%
XL Group	1.2%
United Parcel Service	1.2%
Medtronic	1.2%

DFS GIF – AMERICAN EQUITY VALUE – DESJARDINS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To provide investors with long-term capital growth by investing primarily in U.S. 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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	26,005,896	—	—	26,005,896
TOTAL	26,005,896	—	—	26,005,896

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable
		to Contract Owners	to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
S&P 500	3.00	766,450	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	27,932	15,196
Investments at fair value through profit or loss (FVTPL)	23,057,690	20,632,945
Premiums receivable	38,069	111,206
Receivable for securities sold	46,929	—
	<u>23,170,620</u>	<u>20,759,347</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	55,443	47,144
Withdrawals payable	57,035	10,887
Payable for securities purchased	59,799	116,112
	<u>172,277</u>	<u>174,143</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>22,998,343</u>	<u>20,585,204</u>
NET ASSETS PER UNIT		
Series 5	<u>8.67</u>	8.31
Series 6	<u>6.37</u>	6.11
Series 7	<u>6.47</u>	6.19

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(57)	—
Distributions from underlying funds	—	362,469
Changes in fair value:		
Net realized gain (loss) on investments	115,539	59,362
Net unrealized gain (loss) on investments	1,037,354	(9,411)
	<u>1,152,836</u>	<u>412,420</u>
EXPENSES		
Management fees and guarantee charge	284,268	226,191
Operating expenses	24,116	19,196
	<u>308,384</u>	<u>245,387</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>844,452</u>	<u>167,033</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	373,105	59,708
- per unit	0.36	0.05
Average Number of Units	1,048,647	1,174,630
SERIES 6		
Increase (Decrease) in Net Assets from Operations	428,815	101,087
- per unit	0.23	0.08
Average Number of Units	1,837,484	1,272,982
SERIES 7		
Increase (Decrease) in Net Assets from Operations	42,532	6,238
- per unit	0.26	0.06
Average Number of Units	162,864	106,674

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>20,585,204</u>	15,227,201
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>844,452</u>	167,033
Premiums		
Series 5	894,355	1,527,390
Series 6	2,609,600	3,431,547
Series 7	<u>204,306</u>	412,524
	<u>3,708,261</u>	5,371,461
Withdrawals		
Series 5	(1,440,959)	(991,532)
Series 6	(687,314)	(655,847)
Series 7	<u>(11,301)</u>	(266,716)
	<u>(2,139,574)</u>	(1,914,095)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>22,998,343</u>	18,851,600

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	844,452	167,033
Adjustments for:		
Net realized gain (loss)	(115,539)	(59,362)
Net unrealized gain (loss)	(1,037,354)	9,411
Non-cash distribution from investments	—	(362,469)
Proceeds from sale/maturity of investments	1,212,609	898,887
Investments purchased	(2,484,461)	(4,118,594)
Receivable for securities sold	(46,929)	(2,064)
Accrued expenses	8,299	8,590
Payable for securities purchased	<u>(56,313)</u>	(32,616)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(1,675,236)</u>	(3,491,184)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	3,781,398	5,394,425
Amounts paid on withdrawals	<u>(2,093,426)</u>	(1,908,555)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>1,687,972</u>	3,485,870
Increase (decrease) in cash/ bank overdraft	12,736	(5,314)
Cash (bank overdraft), beginning of period	<u>15,196</u>	3,719
CASH (BANK OVERDRAFT), END OF PERIOD	<u>27,932</u>	(1,595)
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>57</u>	—

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

DFS GIF – GLOBAL DIVIDEND – DESJARDINS (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
Desjardins Global Dividend Fund, I-Class	1,128,730	20,504,972	23,057,690
Total Investments		20,504,972	23,057,690
Other Net Assets (-0.3%)			(59,347)
Net Assets (100%)			22,998,343

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

TOP 25 HOLDINGS OF THE UNDERLYING FUND – unaudited

Security Name	Percentage of Portfolio
BCE	1.8%
Vodafone Group	1.8%
Welltower	1.8%
PPL Corporation	1.7%
Imperial Brands	1.7%
Altria Group	1.6%
Duke Energy Corporation	1.6%
Muenchener Rueckversicherung	1.5%
Verizon Communications	1.5%
AT&T	1.5%
Total, Series B	1.5%
Terna - Rete Elettricit� Nazionale	1.4%
Royal Dutch Shell	1.4%
Unibail-Rodamco	1.4%
Philip Morris International	1.4%
British American Tobacco	1.4%
National Grid Transco	1.3%
WEC Energy Group	1.3%
GlaxoSmithKline	1.3%
AstraZeneca	1.3%
Qualcomm	1.3%
Deutsche Telekom AG	1.2%
Dow Chemical Company	1.2%
Pfizer	1.2%
BAE Systems plc	1.2%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	23,057,690	—	—	23,057,690
TOTAL	23,057,690	—	—	23,057,690

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – GLOBAL DIVIDEND – DESJARDINS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
MSCI World Net	3.00	598,516	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 EQUITY – MFS

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	17,381
Investments at fair value through profit or loss (FVTPL)	59,627,816	55,724,843
Premiums receivable	16,608	2,270
Receivable for securities sold	32,605	7,844
	<u>59,677,029</u>	<u>55,752,338</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	7,429	—
Accrued expenses	147,443	134,652
Withdrawals payable	15,491	54,434
	<u>170,363</u>	<u>189,086</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>59,506,666</u>	<u>55,563,252</u>
NET ASSETS PER UNIT		
Series 3	<u>4.81</u>	4.42
Series 5	<u>5.00</u>	4.59
Series 6	<u>6.62</u>	6.07
Series 7	<u>6.71</u>	6.15

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(731)	—
Distributions from underlying funds	689,500	633,270
Changes in fair value:		
Net realized gain (loss) on investments	190,040	326,430
Net unrealized gain (loss) on investments	4,932,275	(4,040,643)
	<u>5,811,084</u>	<u>(3,080,943)</u>
EXPENSES		
Management fees and guarantee charge	650,157	621,408
Operating expenses	195,053	187,650
	<u>845,210</u>	<u>809,058</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>4,965,874</u>	<u>(3,890,001)</u>
DATA PER SERIES		
SERIES 3		
Increase (Decrease) in Net Assets from Operations	243,698	(198,015)
- per unit	0.39	(0.30)
Average Number of Units	624,532	657,170
SERIES 5		
Increase (Decrease) in Net Assets from Operations	4,517,175	(3,594,472)
- per unit	0.42	(0.30)
Average Number of Units	10,820,512	11,924,309
SERIES 6		
Increase (Decrease) in Net Assets from Operations	185,729	(95,174)
- per unit	0.51	(0.31)
Average Number of Units	363,586	302,645
SERIES 7		
Increase (Decrease) in Net Assets from Operations	19,272	(2,340)
- per unit	0.54	(0.20)
Average Number of Units	35,530	11,817

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

DFS GIF – GLOBAL EQUITY – MFS (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>55,563,252</u>	61,885,527
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>4,965,874</u>	(3,890,001)
Premiums		
Series 3	407,083	156,070
Series 5	1,313,982	951,839
Series 6	781,524	465,718
Series 7	65,058	150,392
	<u>2,567,647</u>	1,724,019
Withdrawals		
Series 3	(482,132)	(409,836)
Series 5	(2,794,889)	(4,726,145)
Series 6	(312,858)	(88,805)
Series 7	(228)	(101)
	<u>(3,590,107)</u>	(5,224,887)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>59,506,666</u>	54,494,658

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	4,965,874	(3,890,001)
Adjustments for:		
Net realized gain (loss)	(190,040)	(326,430)
Net unrealized gain (loss)	(4,932,275)	4,040,643
Non-cash distribution from investments	(689,500)	(633,270)
Proceeds from sale/maturity of investments	8,763,796	4,804,055
Investments purchased	(6,854,954)	(535,921)
Receivable for securities sold	(24,761)	(14)
Accrued expenses	12,791	(17,593)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>1,050,931</u>	3,441,469
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	2,553,309	1,768,394
Amounts paid on withdrawals	(3,629,050)	(5,209,819)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>(1,075,741)</u>	(3,441,425)
Increase (decrease) in cash/ bank overdraft	(24,810)	44
Cash (bank overdraft), beginning of period	17,381	23,690
CASH (BANK OVERDRAFT), END OF PERIOD	<u>(7,429)</u>	23,734
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>130</u>	—

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
MFS Global Research Fund	3,156,030	53,721,137	59,627,816
Total Investments		53,721,137	59,627,816
Other Net Assets (-0.2%)			(121,150)
Net Assets (100%)			59,506,666

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	1.8%
Alphabet, Class A	1.7%
Citigroup	1.6%
Honeywell International	1.4%
US Bancorp	1.4%
Visa	1.3%
Amazon.com	1.3%
American Tower Corp REIT	1.3%
Medtronic	1.2%
Roche Holding AG	1.2%
AIA Group	1.2%
Nestlé	1.2%
Aon	1.2%
Bayer AG	1.1%
Morgan Stanley	1.1%
UBS Group AG	1.1%
Johnson Controls International	1.1%
Schneider Electric	1.1%
Philip Morris International	1.0%
Biogen Idec Inc.	1.0%
PPG Industries	1.0%
UnitedHealth Group	1.0%
NIKE Inc.	1.0%
salesforce	1.0%
EOG Resources	1.0%

DFS GIF – GLOBAL EQUITY – MFS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

STRATEGY IN USING FINANCIAL INSTRUMENTS**Investment Objective**

To achieve long-term capital growth by investing primarily in equity 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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	59,627,816	—	59,627,816
TOTAL	—	59,627,816	—	59,627,816

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
MSCI All Country World Net	3.00	1,780,594	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	—	7,591
Investments at fair value through profit or loss (FVTPL)	11,268,809	10,519,036
Premiums receivable	879	5,318
Receivable for securities sold	16,072	—
Interest, dividends and other receivables	268	257
	<u>11,286,028</u>	<u>10,532,202</u>
LIABILITIES		
Current Liabilities		
Bank overdraft	13,120	—
Accrued expenses	31,597	28,372
Withdrawals payable	698	73,127
Payable for securities purchased	—	4,305
	<u>45,415</u>	<u>105,804</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>11,240,613</u>	<u>10,426,398</u>
NET ASSETS PER UNIT		
Series 1	<u>6.79</u>	6.04
Series 3	<u>7.04</u>	6.25
Series 5	<u>7.69</u>	6.80
Series 6	<u>6.10</u>	5.40
Series 7	<u>6.19</u>	5.47

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(336)	342
Changes in fair value:		
Net realized gain (loss) on investments	195,272	116,623
Net unrealized gain (loss) on investments	1,271,336	(1,334,243)
	<u>1,466,272</u>	<u>(1,217,278)</u>
EXPENSES		
Management fees and guarantee charge	142,245	147,866
Operating expenses	35,075	37,387
	<u>177,320</u>	<u>185,253</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>1,288,952</u>	<u>(1,402,531)</u>
DATA PER SERIES		
SERIES 1		
Increase (Decrease) in Net Assets from Operations	<u>197,755</u>	(254,527)
- per unit	<u>0.76</u>	(0.75)
Average Number of Units	<u>260,836</u>	340,925
SERIES 3		
Increase (Decrease) in Net Assets from Operations	<u>486,807</u>	(575,323)
- per unit	<u>0.79</u>	(0.76)
Average Number of Units	<u>614,302</u>	756,064
SERIES 5		
Increase (Decrease) in Net Assets from Operations	<u>479,029</u>	(455,723)
- per unit	<u>0.90</u>	(0.78)
Average Number of Units	<u>534,039</u>	585,113
SERIES 6		
Increase (Decrease) in Net Assets from Operations	<u>101,152</u>	(101,043)
- per unit	<u>0.66</u>	(0.64)
Average Number of Units	<u>152,780</u>	157,855
SERIES 7		
Increase (Decrease) in Net Assets from Operations	<u>24,209</u>	(15,915)
- per unit	<u>0.59</u>	(0.62)
Average Number of Units	<u>40,881</u>	25,533

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

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	10,426,398	12,602,160
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,288,952	(1,402,531)
Premiums		
Series 1	2,807	20,405
Series 3	87,151	211,475
Series 5	298,848	250,328
Series 6	267,262	135,370
Series 7	127,951	—
	784,019	617,578
Withdrawals		
Series 1	(98,933)	(109,406)
Series 3	(578,256)	(474,935)
Series 5	(388,930)	(350,172)
Series 6	(192,367)	(95,732)
Series 7	(270)	—
	(1,258,756)	(1,030,245)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	11,240,613	10,786,962

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	1,288,952	(1,402,531)
Adjustments for:		
Net realized gain (loss)	(195,272)	(116,623)
Net unrealized gain (loss)	(1,271,336)	1,334,243
Proceeds from sale/maturity of investments	1,131,363	878,243
Investments purchased	(414,528)	(310,404)
Receivable for securities sold	(16,072)	(1,718)
Interest, dividends and other receivables	(11)	12
Accrued expenses	3,225	(4,639)
Payable for securities purchased	(4,305)	(2,275)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	522,016	374,308
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	788,458	634,354
Amounts paid on withdrawals	(1,331,185)	(1,012,800)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(542,727)	(378,446)
Increase (decrease) in cash/ bank overdraft	(20,711)	(4,138)
Cash (bank overdraft), beginning of period	7,591	5,443
CASH (BANK OVERDRAFT), END OF PERIOD	(13,120)	1,305
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	30	5

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

DFS GIF – INTERNATIONAL EQUITY – MFS (cont.)

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.3%)		\$	\$
MFS International Equity Fund	842,843	8,768,870	11,268,809
Total Investments		8,768,870	11,268,809
Other Net Assets (-0.3%)			(28,196)
Net Assets (100%)			11,240,613

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	4.1%
Bayer AG	3.4%
Hoya Corporation	2.8%
Roche Holding AG	2.8%
ING Groep	2.6%
AIA Group	2.5%
SAP SE	2.5%
Compass Group plc	2.5%
WPP Group	2.4%
Pernod-Ricard	2.4%
Reckitt Benckiser Group plc	2.4%
Schneider Electric	2.4%
Air Liquide	2.3%
UBS Group AG	2.3%
Canadian National Railway Company	2.2%
Beiersdorf AG	2.1%
Moet Hennessy Louis Vuitton	2.0%
Amadeus IT Holding	1.9%
Terumo Corporation	1.9%
Novartis AG	1.8%
DBS Group Holdings Ltd	1.8%
Taiwan Semiconductor Manufacturing Company	1.8%
Diageo PLC	1.7%
Akzo Nobel NV	1.6%
Novo Nordisk	1.6%

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	—	11,268,809	—	11,268,809
TOTAL	—	11,268,809	—	11,268,809

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

DFS GIF – INTERNATIONAL EQUITY – MFS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
MSCI EAFE Net	3.00	362,705	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 GROWTH – DESJARDINS

STATEMENT OF FINANCIAL POSITION – unaudited

As at

	June 30 2017	December 31 2016
	\$	\$
ASSETS		
Current Assets		
Cash	12,414	5,494
Investments at fair value through profit or loss (FVTPL)	4,009,826	2,514,232
Premiums receivable	65,393	3,115
Receivable for securities sold	—	925
	<u>4,087,633</u>	<u>2,523,766</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	10,015	6,175
Withdrawals payable	478	1,585
Payable for securities purchased	77,268	6,410
	<u>87,761</u>	<u>14,170</u>
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS	<u>3,999,872</u>	<u>2,509,596</u>
NET ASSETS PER UNIT		
Series 5	<u>9.16</u>	7.61
Series 6	<u>6.28</u>	5.21
Series 7	<u>6.36</u>	5.27

STATEMENT OF COMPREHENSIVE INCOME – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
INCOME		
Interest for attribution purposes	(7)	—
Distributions from underlying funds	—	69,990
Changes in fair value:		
Net realized gain (loss) on investments	19,803	6,412
Net unrealized gain (loss) on investments	547,275	(319,894)
	<u>567,071</u>	<u>(243,492)</u>
EXPENSES		
Management fees and guarantee charge	43,096	32,175
Operating expenses	4,841	3,815
	<u>47,937</u>	<u>35,990</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO CONTRACT OWNERS	<u>519,134</u>	<u>(279,482)</u>
DATA PER SERIES		
SERIES 5		
Increase (Decrease) in Net Assets from Operations	271,301	(172,481)
- per unit	1.49	(0.87)
Average Number of Units	182,000	198,402
SERIES 6		
Increase (Decrease) in Net Assets from Operations	243,365	(104,517)
- per unit	0.93	(0.55)
Average Number of Units	261,197	189,798
SERIES 7		
Increase (Decrease) in Net Assets from Operations	4,468	(2,484)
- per unit	1.07	(0.60)
Average Number of Units	4,162	4,150

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

DFS GIF – INTERNATIONAL EQUITY GROWTH – DESJARDINS (cont.)

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO CONTRACT OWNERS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, BEGINNING OF PERIOD	<u>2,509,596</u>	2,525,372
Increase (Decrease) in Net Assets from operations attributable to contract owners	<u>519,134</u>	(279,482)
Premiums		
Series 5	363,012	123,160
Series 6	809,718	219,197
Series 7	9,168	—
	<u>1,181,898</u>	342,357
Withdrawals		
Series 5	(115,318)	(75,502)
Series 6	(95,432)	(99,294)
Series 7	(6)	—
	<u>(210,756)</u>	(174,796)
NET ASSETS ATTRIBUTABLE TO CONTRACT OWNERS, END OF PERIOD	<u>3,999,872</u>	2,413,451

STATEMENT OF CASH FLOWS – unaudited

Six-month Periods Ended June 30

	2017	2016
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets from operations attributable to contract owners	519,134	(279,482)
Adjustments for:		
Net realized gain (loss)	(19,803)	(6,412)
Net unrealized gain (loss)	(547,275)	319,894
Non-cash distribution from investments	—	(69,990)
Proceeds from sale/maturity of investments	160,278	177,257
Investments purchased	(1,088,794)	(308,552)
Receivable for securities sold	925	(32,944)
Accrued expenses	3,840	(269)
Payable for securities purchased	70,858	4,737
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>(900,837)</u>	(195,761)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Premium payments	1,119,620	342,492
Amounts paid on withdrawals	(211,863)	(141,860)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	<u>907,757</u>	200,632
Increase (decrease) in cash/ bank overdraft	6,920	4,871
Cash (bank overdraft), beginning of period	5,494	496
CASH (BANK OVERDRAFT), END OF PERIOD	<u>12,414</u>	5,367
SUPPLEMENTAL INFORMATION ON CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Interest paid	<u>7</u>	—

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

SCHEDULE OF INVESTMENT PORTFOLIO – unaudited

As at June 30, 2017

	Number of Units	Cost	Fair Value
Investment Funds (100.2%)		\$	\$
Desjardins Overseas Equity Growth Fund, I-Class	181,170	3,359,838	4,009,826
Total Investments		3,359,838	4,009,826
Other Net Assets (-0.2%)			(9,954)
Net Assets (100%)			3,999,872

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	5.9%
Alibaba Group Holding	4.5%
Softbank Corporation	4.5%
AIA Group	4.4%
ASML Holding	4.1%
Inditex	4.1%
Baidu, ADR	3.9%
Atlas Copco	3.4%
Rolls-Royce Holdings	2.9%
Ferrari	2.8%
Tesla Motors	2.8%
Zalando	2.8%
Genmab	2.7%
Illumina	2.6%
L'Oréal	2.6%
Kering	2.4%
M3	2.4%
Amazon.com	2.3%
New Oriental Education & Technology Group	2.3%
Svenska Handelsbanken	1.9%
Rakuten	1.9%
Investment AB Kinnevik	1.9%
SMC Corporation	1.8%
Compagnie Financière Richemont	1.7%
MercadoLibre	1.6%

DFS GIF – INTERNATIONAL EQUITY GROWTH – DESJARDINS (cont.)

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 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.

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 Period, within the Following Levels:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets at FVTPL				
Investment Funds	4,009,826	—	—	4,009,826
TOTAL	4,009,826	—	—	4,009,826

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 periods ended June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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).

NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – unaudited

As at June 30, 2017

Concentration Risk

As at June 30, 2017 and December 31, 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	Impact on Net Assets Attributable to Contract Owners
		June 30, 2017	December 31, 2016
Benchmarks	%	\$	\$
MSCI EAFE Net	3.00	130,438	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 June 30, 2017 and December 31, 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 June 30, 2017 and December 31, 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".

NOTES TO THE FINANCIAL STATEMENTS – unaudited

Six-months Periods Ended June 30, 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 of the Company:

	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 annual financial statements («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

International Financial Reporting Standards (IFRS)

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), applicable to the preparation of financial statements.

Statement of Compliance

The policies applied in these financial statements are based on IFRS in effect as of September 15, 2017, the date on which financial statements have been approved for publication 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, namely the trade date of the financial instrument.

Information on the 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 that 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 where the closing price for financial assets and liabilities is not within the bid-ask spread.

As at June 30, 2017 and December 31, 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 disclosure date and there is little subjectivity in its determination. The Funds use the closing price for both financial assets and financial liabilities where this price falls within the bid-ask spread. In circumstances where 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 existing market conditions at each disclosure date.

NOTES TO THE FINANCIAL STATEMENTS – unaudited (cont.)

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.

Liquidity

Cash (bank overdraft) is measured at cost, which closely approximates fair value.

Money Market Securities

Money market securities are recorded at cost which includes accrued interest and 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

Units of underlying funds are generally valued based on the net asset value per unit provided by the underlying fund's manager at the end of each valuation day.

Derivative Financial Instruments

Certain Funds may use an array of derivative financial instruments such as foreign currency forward contracts, forward contracts and 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 Liabilities" for further information about the Fund's offsetting section.

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.

Futures Contracts

Futures contracts are valued at fair value and are settled daily through brokers acting as intermediaries. Any amounts receivable (payable) from the settlement of futures contracts are recorded in «Receivable (Payable) on 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 period 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 repurchase transactions are not derecognized in the Statement of Financial Position as substantially all the risks and advantages 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 advantages 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 «Cash guarantee received for securities lending» and «Cash guarantee received for repurchase transactions», as appropriate in the Statement of Financial Position. A liability representing the obligation to return the securities is recognized in «Commitments related to securities lending» and «Commitments related to repurchase transactions», as appropriate.

Revenue generated through the securities lending program is shared by the Fund and the Trust at the rate presented in the "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 amount, or to close-out 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, repurchase transactions and receivable for investments sold and payable for investments purchased that are subject to master netting or similar agreements 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 securities sold, interest, dividends and other receivables and cash guarantee received for securities lending and repurchase transactions are classified as loans and receivables and are recorded at cost.

Similarly, accrued expenses, withdrawals payable, payable for securities purchased and interest, dividends and others payables, as well as commitments related to securities lending and repurchase transactions, are classified as financial liabilities and recorded at amortized cost.

Given the short-term nature of these financial instruments, their carrying amount closely approximates their fair value.

Income

Interest income 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. Foreign interest and dividend income are accounted for on a gross basis and is included in the income section of the Statement of Comprehensive Income.

Distributions received from underlying funds are recorded at the date of distribution. Distributions 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" on the Statement of Cash Flows and its equivalent has been removed from the "Investments purchased" line item. 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 per unit by the average number of units outstanding during the period.

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.

In certain circumstances, to avoid double taxation to the Contract Owners, the Funds adjust the cost of the investments held to properly reflect the adjusted cost base for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS – unaudited (cont.)

Investments in Entities

The Funds meet the definition of IFRS 10, Consolidated Financial Statements, for 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, including investments in any other investment 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 who exercises control. The Company has determined that its investments in underlying funds (including limited partnerships), index-based investments, asset-backed securities, mortgage-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 Investments in 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 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 project is progressing according to the proposed implementation schedule. 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. Estimated fair value reflects market conditions on 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.

The Funds issue series of units to Contract Owners that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset. These series of units attributable to Contract Owners have different characteristics and are therefore classified as financial liabilities.

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS – unaudited (cont.)

Number of Units

The number of units outstanding in each Fund as at June 30, 2017 and 2016, and the number of units attributed to and withdrawn from Contracts during the periods are as follows:

	Outstanding Units		Attributed Units		Withdrawn Units	
	2017	2016	2017	2016	2017	2016
INVESTMENT SOLUTIONS						
Conservative						
Series 5	206,454	101,084	66,355	114,941	43,206	27,254
Series 6	2,323,112	1,750,092	387,428	667,624	289,855	280,067
Series 7	366,902	300,109	127,211	207,214	55,343	145,505
Moderate						
Series 5	131,109	103,508	16,128	89,612	13,279	5,590
Series 6	4,434,397	2,986,592	617,213	854,009	290,939	269,550
Series 7	911,164	435,445	161,002	258,254	6,162	37,512
Balanced						
Series 5	239,853	92,883	121,523	80,461	14,139	292
Series 6	9,953,168	6,547,081	1,923,167	1,901,523	512,920	202,569
Series 7	1,256,848	1,075,078	276,114	122,255	257,212	55,024
Growth						
Series 5	1,455,375	265,972	807,115	332,907	112,257	83,242
Series 6	6,455,604	4,128,760	1,081,732	1,142,756	448,723	329,066
Series 7	604,918	223,669	211,802	111,520	341,730	68,869
Maximum Growth						
Series 5	33,266	23,695	8,805	24,534	22	1,235
Series 6	506,013	397,297	100,503	103,398	15,348	49,791
Series 7	80,265	3,854	506	—	—	—
INDIVIDUAL FUNDS						
Income						
Money Market						
Series 1	67,984	69,121	26,318	7,536	17,225	6,969
Series 3	404,454	441,913	92,178	85,927	32,276	132,194
Series 5	2,444,117	2,822,746	433,398	660,989	776,063	837,532
Series 6	2,427,949	1,883,754	1,134,805	942,985	843,360	757,429
Series 7	328,396	354,762	402,308	309,469	564,563	116,917
Series IGP	138,671	182,697	3,208	31,257	13,447	19,904
Income – Fiera Capital						
Series 1	153,847	204,021	3,900	394	46,054	51,959
Series 3	760,963	963,808	8,278	32,936	120,542	138,074
Series 5	6,072,005	7,268,533	195,726	358,482	952,744	854,629
Series 6	1,780,956	1,443,326	312,677	446,786	334,992	99,509
Series 7	219,120	50,698	20,927	5,783	10,981	9,496
Canadian Bond						
Series 5	6,221,009	7,335,686	309,754	459,330	917,572	749,735
Series 6	1,258,467	744,761	327,931	258,586	145,890	19,638
Series 7	35,919	30,899	17,337	—	14,920	61
Balanced and Asset Allocation						
Diversified Income – Franklin Quotential						
Series 3	735,472	816,229	35,315	76,445	73,502	137,775
Series 5	19,740,405	22,244,303	1,035,288	1,152,571	2,718,791	2,098,864
Series 6	6,036,196	4,964,489	752,498	1,229,807	517,256	212,021
Series 7	845,158	574,334	161,254	83,084	13,471	5,424
Balanced Income – Franklin Quotential						
Series 3	1,241,814	1,372,557	35,915	71,369	80,928	176,982
Series 5	29,681,659	32,174,841	1,193,766	1,480,580	2,701,149	2,687,477
Series 6	4,517,321	3,844,465	609,617	1,035,245	380,820	171,695
Series 7	867,013	907,162	11,514	2,397	9,461	111,588

	Outstanding Units		Attributed Units		Withdrawn Units	
	2017	2016	2017	2016	2017	2016
Canadian Balanced – Fidelity						
Series 3	1,111,150	1,169,100	92,600	138,868	154,519	175,946
Series 5	81,067,695	88,454,895	4,139,728	4,822,445	9,066,729	7,783,607
Series 6	7,028,760	5,328,974	1,327,968	1,026,194	517,343	433,197
Series 7	429,963	200,650	139,581	58,521	11,344	91,578
U.S. Monthly Income – Fidelity						
Series 5	562,980	492,393	159,689	409,222	131,669	42,456
Series 6	1,421,028	711,990	520,048	424,549	111,659	40,652
Series 7	240,769	107,517	128,397	75,400	6,231	13,359
Balanced – Desjardins SocieTerra						
Series 5	1,363,100	1,409,532	100,447	116,313	108,825	95,403
Series 6	1,655,940	751,022	349,838	563,226	67,481	35,824
Series 7	568,311	88,820	322,634	92,659	18,371	7,885
Global Balanced – Jarislowky Fraser						
Series 3	1,079,267	1,213,812	38,952	88,788	96,481	110,908
Series 5	21,787,872	23,242,676	1,289,336	3,448,537	1,871,635	2,457,349
Series 6	7,648,366	4,076,584	1,799,452	2,667,587	296,426	143,844
Series 7	1,033,098	279,640	222,216	176,576	12,766	13,926
Canadian Balanced – Fiera Capital						
Series 1	657,072	763,183	20,803	5,549	83,151	51,690
Series 3	1,193,037	1,405,191	27,614	26,697	123,356	172,654
Series 5	12,083,255	13,047,976	476,633	553,538	1,032,662	1,348,242
Series 6	2,645,994	1,650,315	489,170	318,477	125,883	68,914
Series 7	170,632	98,074	16,381	—	1,815	882
Canadian Balanced – Franklin Bissett						
Series 3	827,512	865,059	67,650	49,576	66,251	194,501
Series 5	20,552,256	21,622,371	1,219,475	789,080	1,759,215	2,281,540
Series 6	8,013,076	5,506,610	1,757,032	945,774	335,127	403,714
Series 7	676,242	510,169	55,751	14,522	11,232	5,311
Balanced Growth – Franklin Quotential						
Series 3	1,654,958	1,988,548	24,071	131,744	189,936	179,672
Series 5	68,698,320	75,326,984	2,535,597	3,868,774	6,081,058	6,111,071
Series 6	6,141,726	5,149,090	690,004	1,120,485	444,724	234,274
Series 7	775,783	628,712	47,054	148,714	5,296	43,875
Canadian Balanced – CI Signature						
Series 5	12,336,447	12,640,593	1,348,116	721,279	1,062,173	1,112,380
Series 6	5,555,591	4,482,163	874,589	687,833	233,033	409,728
Series 7	467,121	376,108	44,787	86,449	2,899	49,527
Income and Growth – CI Signature						
Series 5	6,169,365	6,586,380	883,688	377,260	873,461	1,348,961
Series 6	6,159,062	4,786,481	935,928	783,313	326,272	246,381
Series 7	393,950	183,744	61,228	41,038	17,422	50,446
Growth and Income – NEI Northwest						
Series 3	265,055	369,120	9,405	25,247	66,155	54,157
Series 5	21,149,377	21,765,229	1,402,161	1,144,497	2,223,866	2,094,549
Series 6	4,495,555	2,975,968	1,176,303	763,637	168,869	177,491
Series 7	281,220	163,461	53,196	29,193	24,487	1,709
Global Growth – NEI Select						
Series 3	463,754	512,986	10,818	7,065	27,932	48,955
Series 5	8,749,859	8,857,539	894,463	660,474	827,111	664,643
Series 6	3,638,578	2,247,778	844,372	596,962	160,008	283,045
Series 7	655,871	219,580	322,340	54,172	5,482	14,276
Canadian Asset Allocation – CI Cambridge						
Series 5	872,232	869,561	101,740	62,890	85,837	59,317
Series 6	1,408,320	1,052,918	294,403	306,239	76,239	70,461
Series 7	156,280	54,119	90,445	57,780	9,400	40,392

NOTES TO THE FINANCIAL STATEMENTS – unaudited (cont.)

	Outstanding Units		Attributed Units		Withdrawn Units	
	2017	2016	2017	2016	2017	2016
Growth – Franklin Quotential						
Series 3	381,571	425,962	5,700	46,251	20,094	37,878
Series 5	7,920,020	8,451,986	110,074	140,775	419,797	706,696
Series 6	620,270	540,812	110,786	91,966	49,767	48,349
Series 7	12,189	7,270	4,943	—	12	12
Canadian Equity						
Dividend Income – Franklin Bissett						
Series 3	2,939,785	3,352,063	74,756	54,726	287,112	443,536
Series 5	11,450,963	12,447,508	384,771	222,671	923,138	1,476,064
Series 6	1,660,099	1,285,324	359,534	143,843	138,052	86,386
Series 7	126,016	115,883	20,650	23,287	1,075	1,229
Canadian Dividend – NEI Northwest						
Series 5	2,325,652	2,364,547	350,675	221,249	388,964	281,817
Series 6	818,665	509,348	227,635	153,766	22,426	51,543
Series 7	35,323	3,864	20,126	—	5,192	—
Canadian Equity – Jarislowsky Fraser						
Series 3	461,292	583,836	5,126	8,255	69,337	97,237
Series 5	18,137,383	20,054,579	220,534	146,550	1,093,974	1,392,849
Series 6	231,370	77,908	81,231	59,822	7,617	957
Series 7	51,531	4,000	45,184	—	—	—
Canadian Equity – Fidelity True North®						
Series 3	114,085	124,700	11,722	24,440	27,942	22,846
Series 5	1,919,078	2,052,052	298,642	248,945	362,024	348,188
Series 6	2,176,374	1,595,251	563,612	514,066	149,605	97,142
Series 7	143,912	169,515	16,532	7,712	16,967	22,697
Canadian Equity – Franklin Bissett						
Series 1	2,902,732	—	12,245	—	249,778	—
Series 3	1,998,628	1,301,601	59,369	34,888	187,582	162,372
Series 5	1,289,033	996,194	199,118	70,349	200,287	156,244
Series 6	822,999	528,562	170,236	89,250	136,757	66,777
Series 7	49,235	3,673	46,452	60	29,755	3,680
Series IGP	266,634	—	773	—	9,228	—
Specialty Equity – NEI Northwest						
Series 3	440,408	529,069	3,430	7,085	53,306	48,760
Series 5	1,652,738	1,829,943	232,926	208,989	357,503	326,687
Series 6	357,729	278,931	75,355	56,929	12,907	42,326
Series 7	5,522	4,054	1,468	—	—	—
Small Cap – Franklin Bissett						
Series 3	379,541	443,193	8,134	7,889	47,653	52,030
Series 5	497,983	524,543	54,330	45,032	60,531	85,457
Series 6	629,447	448,014	164,607	99,867	106,082	47,854
Series 7	63,644	6,933	56,735	76	12	146
Foreign Equity						
American Equity – MFS						
Series 3	540,768	633,599	11,953	41,735	54,295	94,768
Series 5	1,563,986	1,457,702	272,864	177,220	204,688	255,712
Series 6	1,126,292	910,012	282,210	262,448	93,747	72,383
Series 7	34,193	33,491	11,954	11,264	1,359	2
American Equity Value – Desjardins						
Series 1	331,069	352,490	2,172	6,081	8,454	24,083
Series 3	328,053	371,651	20,468	34,566	51,056	64,062
Series 5	1,256,689	1,336,034	169,957	240,361	168,606	254,912
Series 6	1,021,859	781,077	229,172	183,204	72,800	83,629
Series 7	90,618	28,610	51,765	4,661	84	56,790

	Outstanding Units		Attributed Units		Withdrawn Units	
	2017	2016	2017	2016	2017	2016
Global Dividend – Desjardins						
Series 5	1,037,963	1,171,552	103,393	191,775	169,088	124,765
Series 6	2,019,752	1,447,473	408,210	585,626	109,592	112,004
Series 7	176,227	93,273	31,834	70,218	1,760	45,687
Global Equity – MFS						
Series 3	627,986	634,447	88,984	37,742	105,980	98,194
Series 5	10,706,897	11,549,041	270,216	222,849	577,003	1,100,091
Series 6	399,794	314,243	120,040	81,628	48,365	15,766
Series 7	39,778	29,799	10,035	25,877	35	18
International Equity – MFS						
Series 1	253,211	333,649	419	3,459	15,109	18,873
Series 3	583,678	734,176	12,905	34,937	86,873	78,010
Series 5	528,319	568,193	41,360	38,079	53,159	53,600
Series 6	164,989	162,161	45,679	25,595	34,388	18,451
Series 7	55,952	25,532	20,424	—	45	—
International Equity Growth – Desjardins						
Series 5	202,212	202,070	40,780	17,106	13,941	10,272
Series 6	335,961	193,152	130,835	44,627	16,223	20,627
Series 7	5,577	4,150	1,428	—	1	—

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 – unaudited (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 five 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 period ended June 30, 2017 and for each of the past five years, which includes management, guarantee and operating expenses, are as follows*:

	June 30	December 31	December 31	December 31	December 31	December 31
	2017	2016	2015	2014	2013	2012
	%	%	%	%	%	%
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**	—	—

	June 30 2017	December 31 2016	December 31 2015	December 31 2014	December 31 2013	December 31 2012
	%	%	%	%	%	%
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**	—	—
INDIVIDUAL FUNDS						
Income						
Money Market***						
Series 1	1.72	1.72	1.72	1.72	1.72	1.55
Series 3	1.73	1.71	1.72	1.73	1.72	1.55
Series 5	1.38	1.38	1.39	1.39	1.40	1.25
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	2.65
Series 3	2.61	2.61	2.61	2.62	2.61	2.33
Series 5	1.96	1.96	1.96	1.96	1.95	1.75
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	2.80
Series 5	2.91	2.91	2.92	2.92	2.92	2.60
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	2.85
Series 5	2.95	2.95	2.95	2.95	2.94	2.60
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	3.00
Series 5	2.96	2.96	2.96	2.96	2.96	2.65
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	3.00
Series 5	2.85	2.85	2.85	2.86	2.86	2.55
Series 6	2.68	2.63	2.59**	—	—	—
Series 7	2.18	2.24	2.24**	—	—	—

NOTES TO THE FINANCIAL STATEMENTS – unaudited (cont.)

	June 30 2017 %	December 31 2016 %	December 31 2015 %	December 31 2014 %	December 31 2013 %	December 31 2012 %
Canadian Balanced – Fiera Capital***						
Series 1	3.83	3.83	3.83	3.82	3.82	3.40
Series 3	3.18	3.19	3.20	3.19	3.19	2.85
Series 5	2.55	2.55	2.55	2.55	2.55	2.30
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	2.85
Series 5	2.77	2.77	2.77	2.77	2.77	2.50
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	2.95
Series 5	2.97	2.97	2.97	2.97	2.97	2.65
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	2.68
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	2.75**
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	3.22
Series 5	2.94	2.94	2.94	2.94	2.94	2.65
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	3.43
Series 5	3.13	3.13	3.12	3.12	3.12	2.80
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	2.65**
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	3.20
Series 5	3.22	3.22	3.22	3.21	3.21	2.85
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	3.05
Series 5	2.93	2.93	2.93	2.94	2.94	2.65
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	2.70**
Series 6	2.88	2.87	2.85	2.90**	—	—
Series 7	2.39	2.41	2.41	2.41**	—	—

	June 30 2017	December 31 2016	December 31 2015	December 31 2014	December 31 2013	December 31 2012
	%	%	%	%	%	%
Canadian Equity – Jarislowsky Fraser						
Series 3	3.60	3.59	3.58	3.59	3.59	3.20
Series 5	2.92	2.92	2.91	2.92	2.91	2.60
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	3.20
Series 5	3.20	3.20	3.20	3.21	3.20	2.85
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	3.20
Series 5	2.97	2.97	2.97	2.98	2.98	2.70
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	3.40
Series 5	3.28	3.28	3.27	3.28	3.29	2.90
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	3.37
Series 5	3.14	3.14	3.13	3.13	3.13	2.85
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	3.34
Series 5	2.93	2.93	2.93	2.94	2.97	2.65
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	3.41
Series 3	3.21	3.22	3.23	3.24	3.24	2.90
Series 5	3.06	3.05	3.06	3.07	3.08	2.75
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	2.55**
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	3.05
Series 5	2.90	2.92	2.92	2.92	2.92	2.60
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	3.50
Series 3	3.65	3.65	3.64	3.65	3.65	3.25
Series 5	2.75	2.75	2.76	2.76	2.77	2.45
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 – unaudited (cont.)

	June 30 2017 %	December 31 2016 %	December 31 2015 %	December 31 2014 %	December 31 2013 %	December 31 2012 %
International Equity Growth – Desjardins						
Series 5	3.10	3.10	3.11	3.10	3.22	2.80**
Series 6	2.94	2.93	2.92	2.94**	—	—
Series 7	2.53	2.53	2.53	2.53**	—	—

* Starting in 2013, management expense ratios include all applicable sales taxes (sales taxes not included before 2013).

** 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 June 30, 2017 and December 31, 2016, the Company had the following seed capital investments:

	June 30, 2017 \$	December 31, 2016 \$
Conservative	146,751	143,646
Moderate	178,471	173,479
Balanced	211,365	204,025
Growth	247,967	237,492
Maximum Growth	283,529	270,102
Money Market	83,366	83,075
Income – Fiera Capital	22,431	22,000
Canadian Bond	21,951	21,589
Diversified Income – Franklin Quotential	22,668	22,170
Balanced Income – Franklin Quotential	23,211	22,656
Canadian Balanced – Fidelity	23,856	23,496
U.S. Monthly Income – Fidelity	462,840	466,822
Balanced – Desjardins SocieTerra	145,712	142,727
Global Balanced – Jarislowsky Fraser	81,143	79,581
Canadian Balanced – Fiera Capital	24,097	23,668
Canadian Balanced – Franklin Bissett	130,394	128,864
Balanced Growth – Franklin Quotential	23,578	22,914
Canadian Balanced – CI Signature	235,756	230,310
Income and Growth – CI Signature	224,513	218,302
Growth and Income – NEI Northwest	68,199	65,489
Global Growth – NEI Select	24,987	24,083
Canadian Asset Allocation – CI Cambridge	242,703	240,824
Growth – Franklin Quotential	23,947	23,224
Dividend Income – Franklin Bissett	43,737	43,674
Canadian Dividend – NEI Northwest	258,359	269,361
Canadian Equity – Jarislowsky Fraser	23,594	23,874
Canadian Equity – Fidelity True North [®]	145,388	145,294
Canadian Equity – Franklin Bissett	67,609	67,325
Specialty Equity – NEI Northwest	291,157	287,713
Small Cap – Franklin Bissett	18,780	20,220
American Equity – MFS	30,068	28,065
American Equity Value – Desjardins	876,754	879,208
Global Dividend – Desjardins	286,354	274,376
Global Equity – MFS	267,837	245,840
International Equity – MFS	26,266	23,218
International Equity Growth – Desjardins	302,451	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 fund's 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 Fund 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.

Classification within the Fair Value Hierarchy

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 measurement 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 and 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 – unaudited (cont.)

Detailed information concerning the fair value hierarchy of each Fund is available in their respective Notes to the Financial Statements pertaining to each Fund. 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, in accordance with the risk level established for the Fund. 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.

In accordance with the Funds' investment policy, the Funds' risks are monitored by the Company monitors on a monthly basis and reviewed by the DFS Monitoring Committee for Investment Solutions 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 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 investment committee 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, and 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/or 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).

If the Canadian dollar decreases in relation to foreign currencies, the value of foreign investments increases. Conversely, if 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 effective duration of the portfolio of these securities and the exposures on different points along the interest rate yield curve. 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 investment committee. 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, healthcare 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 counterparty's respective credit risks are taken into account when determining the fair value of financial assets and liabilities. 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, such as 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 agreement between the Funds and their counterparties, and include foreign currency forward contracts, swaps and options. Other transactions are carried out as part of trades and mainly consist of 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 3 months. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Management of Risks from 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 regarding the hierarchy of financial instruments at fair value measurement and risk exposure of each Fund, please 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 its address:

1, Complexe Desjardins
P.O. Box 9000
Montreal (Quebec)
H5B 1H5



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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-



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