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Signature Global Bond Fund
Third-quarter 2019 Commentary

Class F returns (in %) as at September 30, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (08/08/2000)
Signature Global Bond Fund	3.5	10.4	-0.2	4.4	3.7	3.7

Sources: Bloomberg Finance L.P. and Signature Global Asset Management, as at September 30, 2019.

Performance Summary

- Over the quarter ended September 30, 2019, Class F of Signature Global Bond Fund (the "Fund") returned 2.5%, in line with its benchmark, the J.P. Morgan Global Government Bond Total Return Index, which was also up 2.5% (C$, currency unhedged) over the same period. The positive total returns for both the Fund and the benchmark were largely attributed to the significant fall in global government bond yields over the quarter.

Contributors to Performance

- An underweight exposure to Japanese government bonds and an overweight exposure to U.S. government bonds combined to contribute positively to the Fund's alpha returns as U.S. bond yields fell more than Japanese bond yields over the quarter.

- Exposures to credit spreads such as global investment-grade corporate bonds and emerging-market sovereign bonds continued to contribute positively to both the Fund's total return and alpha return for the quarter.

Detractors from Performance

- Exposure to bonds denominated in euro and Japanese yen detracted from the Fund's total return as those currencies depreciated versus the Canadian dollar over the quarter.

Portfolio Activity

- The Fund's underweight exposure to Italian government bonds was eliminated during the quarter, and we created an overweight Fund position in 10- and 30-year bonds as we expected a stabilization of political risks. This position was trimmed back at quarter-end to lock in profits after the Italian government bond spread tightened relative to German government bonds.

- Throughout the quarter, the Fund's duration exposure to the U.S. dollar was increased by selling bonds with shorter maturities (five years and less) and buying bonds with long maturities (greater than 10 years); that is, the Fund's U.S. yield curve flattener exposure was increased. This was done on fears that bond investors did not expect central banks, particularly in North America, to ease monetary policy fast enough to stem the tide of worsening expectations for global economic growth, increasing geopolitical uncertainty and softening economic data.

- The Fund's exposure to the Japanese yen was increased over the quarter as we expect Japan's currency will appreciate in the near term against a backdrop of weakening global growth and elevated geopolitical uncertainty.

Outlook

- Prolonged U.S.-China trade tensions have destabilized corporate confidence, forcing companies to adjust supply chains and defer capital investments. As a result, global economic growth rates and profit forecasts are being revised lower.

- Developed and emerging-market central banks have reacted to this risk recently. The U.S. Federal Reserve has cut interest rates twice, the European Central Bank has also cut rates and introduced an open-ended asset purchase program, and the Bank of Japan is "re-examining" economic developments.

- Fiscal initiatives and political developments were bright spots in September 2019: India cut corporate taxes, Germany proposed fiscal plans and concerns over Brexit and Italy diminished. As the U.S. Democratic Party presidential candidates' debates advance, a distinctly anti-capitalist policy set is forming. From health care and banking to tax policy and regulation, the stakes are rising for the U.S. market.

- Greater geopolitical uncertainty necessitates holding more duration, rather than less. However, the shift to easier global monetary policy and hopes of easier fiscal policy going forward are broadly supportive of credit assets (such as emerging-market sovereign debt and high-yield and investment-grade corporate bonds). These assets generate badly needed yield in a low-interest-rate environment. Therefore, we remain constructive on credit, although we prefer holding higher-quality corporate and sovereign bonds at this point in the cycle.

IMPORTANT DISCLAIMERS

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The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of widely quoted market indexes or a weighted blend of widely quoted market indexes or another investment fund. There are various important differences that may exist between the mutual fund and the stated indexes or investment fund that may affect the performance of each. The objectives and strategies of the mutual fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indexes or investment fund. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

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