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Signature High Income 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 (12/18/2001)
Signature High Income Fund	14.9	9.2	5.1	4.3	7.8	8.5

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

Performance Summary

- Over the quarter ended September 30, 2019, Class F of Signature High Income Fund (the "Fund") returned 2.4% while its blended benchmark (40% ICE BofAML US High Yield Total Return Index, 20% MSCI World Core Infrastructure Total Return Index, 20% MSCI World Real Estate Total Return Index and 20% S&P/TSX Composite High Dividend Total Return Index) was up 3.8% and general benchmark, the FTSE Canada Universe Bond Total Return Index, up 1.2% over the same period.

Contributors to Performance

- The strength in fundraising continued for Brookfield Asset Management Inc. with another healthy increase in assets for the quarter. Large institutions continue to increase their allocations to alternative asset class, and Brookfield Asset Management continues to be the dominant player in this realm.

- Continuing solid performance in Ferrovial, S.A.'s key toll-road and transportation businesses (Highway 407 in Ontario, Heathrow airport and Texas toll roads) helped create a positive view of Ferrovial in the markets over the period. Additionally, news that the company was likely to sell off its services business, which has historically restrained the company's margins and has impairments, contributed to improved market focus on Ferrovial's core infrastructure assets.

Detractors from Performance

- Royal Dutch Shell PLC's performance during the quarter was impacted by the challenging base-chemical and liquefied-natural-gas markets. Those markets have witnessed a wave of

capacity coming on stream the past few quarters as well as demand softness due to the uncertainty around global trade and a benign winter heating season. Nevertheless, Royal Dutch Shell's valuation remains compelling. The company generates double-digit free cash flow yield even with Brent crude oil at US$60 per barrel, and the company could sustain its 6% dividend even if Brent crude oil went below US$50 per barrel.

- Shares of The Williams Companies, Inc., a U.S. midstream natural gas company, fell over the quarter due to macroeconomic concerns around the price of natural gas, particularly a fear that lower gas prices would result in lower volumes processed by Williams Companies in its key northeast U.S. region.

Outlook

- Accommodative monetary policy by central banks globally should be supportive of credit conditions, and our base case is underlying business resilience, consumer balance-sheet health and the Fed proactively cutting interest rates should be sufficient to keep economic growth low but positive. Nonetheless, corporate and investor belief that the economy is in the late stage of a business cycle and that recession is around the corner risks being self-fulfilling. Central bankers are beginning to realize the potency of monetary policy is muted when interest rates are closer to zero-bound but with increased adverse side effects in the currency markets and in trade relationships. While disappointing but positive economic growth is our base case, absent renewed optimism subsequent to a U.S.-China trade deal, a hand-off to government fiscal stimulus may be required to spark confidence and inflation. As always, we will monitor closely corporate earnings and sentiment, but for the time being, at the margin we have become more cautious in our security selection and slightly more defensive in our asset allocation.

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