Signature Global Equity Fund
First Quarter 2019

Performance Summary

- In the first quarter of 2019, Class F of Signature Global Equity Fund (the "Fund") returned 10.3% compared with the 9.9% return of its benchmark, the MSCI All Country World Index, over the same period.

Contributors to Performance

- Synchrony Financial stock, a top Fund holding by weight in the portfolio, advanced 36% during the quarter. The company beat fourth-quarter 2018 earnings estimates as loan growth, net interest margins and credit costs remained resilient. Although many market participants expected credit quality to deteriorate, Synchrony Financial's portfolio continues to show strong asset quality. Walmart Inc. dropped its lawsuit against Synchrony Financial and at the same time the company was able to agree on the sale of the Walmart credit card portfolio to Capital One Financial Corp. at a reasonable price. Synchrony Financial was also able to renew and extend its relationship with Sam's Club (owned by Walmart). This was viewed as unlikely as the market assumed that Synchrony Financial would lose this relationship in 2021 given the deterioration in the Walmart relationship. Synchrony Financial also renewed and extended its relationship with Amazon.com, Inc. earlier than anticipated. All this combined helped the company's stock rebound from near-liquidation valuation levels to a more reasonable one, but Synchrony Financial is still offering a significant upside to our price target for the company's stock.

- Advanced Micro Devices, Inc. continues to do well as a competitive alternative to Intel Corp. The company is launching products at more advanced nodes than Intel and is expected to gain market share in many segments. The company recently benefited from Google LLC's announcement during the quarter of its impending launch of an online game-streaming service (Stadia), for which Advanced Micro Devices has been supplying the chips.

Detractors from Performance

- Burlington Stores, Inc. is one of the three off-price retailers in the U.S. market with a solid track record of outperforming its larger peers in operations and share price returns since its initial public offering (IPO) in 2013. During the fourth quarter of 2018, the company had some execution issues with heritage ladies' apparel and was impacted by not having enough cold weather products on hand, which drove a slower-than-expected same-store sales growth in the quarter. Upon our discussion with management, we believe management team members are all-hands-on-deck when it comes to dealing with these issues and should resolve them before the end of the year. We remain an investor in Burlington Stores.

- At Sony Corp., the low-hanging benefits from restructuring have occurred. The benefits from strong sales of games such as the Fortnite, which occurred in 2018, are now more of a challenge to sustain in 2019. Thematic gaming investors are concerned that the recently announced cloud-based game-streaming service from Google LLC will disrupt Sony's business. We expect some relief in the back half of 2019, but in the near term, the company's challenges are likely to persist.

Portfolio Activity

- Over the quarter, the Fund's cash weight trended up approximately 3.75% as we trimmed some of the Fund's holdings in the energy and financials sector and rolled a portion of that into the Fund's exposure to emerging markets.

- West Texas Intermediate crude oil prices rose 32% over the quarter and the material discount on Canadian oil (as measured by the Western Canadian Select oil price) faded as Canadian federal and provincial governments intervened to prop up oil prices, both of which led to considerable strength in the Fund's overweight position in oil exploration and production companies. We decided to trim Fund positions in EOG Resources, Inc.; Canadian Natural Resources Ltd. and ConocoPhillips into this strength and rolled some of the proceeds into two midstream oil and gas companies, Cheniere Energy, Inc. and The Williams Companies, Inc., on compelling valuations and resilient dividend yields.

- Furthermore, we trimmed Fund positions in Synchrony Financial and Bank of America Corp., both large financial weights in the Fund's portfolio, as they continued to outperform market earnings expectation and risks specific to each company dissipated.

- Finally, we materially increased the Fund's exposure to emerging markets in early January as we noticed signs of market stabilization with the Fed reducing market expectations of further hikes in interest rates, a belief that China could underpin growth and indications that global credit markets were recovering, all suggesting a loosening of global financial conditions, which supports emerging markets globally.

Outlook

- The powerful rally in global government bond prices in March pushed U.S. long-term bonds yields below short-term bond yields – a so-called inversion of the term structure (or curve) of bond yields. This development was attributable to Fed policy changes and soft economic data. This extreme circumstance has prompted comparisons of global bond markets to Japan where structurally low interest rates have been unable to stimulate inflation. Signature Global Asset Management's view is that lower yields will serve as a stabilizing force to growth rather than a precipitator of a deflationary contraction, which we believe is the prevailing view of the bond market. Barring an external shock, our view is a recession is unlikely in the short term.

- Given the near-zero interest rate starting point, policy-makers and politicians are promoting fiscal tools to counter future downturns.

- Valuations are fair in equity markets and credit markets given the current growth and inflation mix. We anticipate low interest rates and low growth to persist long into the future, resulting in lower returns across many asset classes. We look to remain near neutral in our equity weights relative to the benchmark, with a preference for less exposure to cyclical stocks.

- Lyft, Inc.'s IPO at the end of March began what we expect to be a flurry of global technology IPOs being brought to the market in the second quarter of 2019, including from Uber Technologies Inc., Palantir Technologies Inc. and Slack Technologies, Inc. These "unicorn" deals will test the market's willingness to sponsor unprofitable business models. Where global addressable markets are huge and powerful network effects are at work, as in the case of Uber, we expect markets to buy into the future monetization potential of these companies.

- The relentless technological wave is disrupting business models at an accelerating rate. In response, we expect to see profound industry adjustments, with mergers to achieve sufficient scale to make the technology investments required to survive. The scale of these changes in the auto industry and finance sectors alone will have a significant impact on labour markets.

- Populist politics tend to advantage domestic industry, and this brand of politics is becoming the norm globally. In the second quarter of 2019, general elections in India and Indonesia will highlight how this is not only a developed market phenomenon. More countries are resisting technological colonization by U.S. tech giants, as China successfully did, and the political power of social media is fostering a desire for local control.

- Currency markets are important elements in national competitiveness. We expect the Canadian dollar to see further weakness as Canada's economic growth slowdown continues. Furthermore, a weaker dollar will soften the adjustment in asset prices, which helps banks and households.

- The green/climate change issue may have reached a tipping point in U.S. politics. This would usher in more profound policy action and a faster pace of decarbonization of the economy. Investors and businesses need to adapt.

Class F returns (in %) as at March 31, 2019	**Year-to-date**	**1 year**	**3 year**	**5 year**	**10 year**
Signature Global Equity Fund	10.3	2.4	11.2	8.7	11.2

Published April 2019.