# Market Commentary
# First Quarter 2018

## Signature Global Dividend Fund

Market volatility increased during the quarter, pushing equity risk premiums higher for the time being. It is difficult to accurately identify specific catalysts for the increased volatility as there are a few potential suspects, including interest rate movements, politics around trade relationships, foreign currency movements and the length of the current economic expansion. The S&P 500 Index closed the quarter 8% below its high on January 26, 2018. The Bloomberg World Exchange Market Capitalization Index ended the quarter 7.3% below its high on January 28, 2018 but was down less than half a percent over the full quarter. Emerging markets on a combined basis had a slightly positive return during the quarter. The U.S. tax cuts support a strong U.S. economic and market outlook while economic data from Europe continues to reassure and emerging markets have been performing well despite a growing belief that the global rate structure is increasing. Our team views equity market valuations as quite reasonable with global growth indicators generally remaining encouraging.

Equities within the fund detracted from performance. While negative equity performance was broad based, the information technology sector performed well and the fund remains slightly overweight that sector. Stock selection was most positive in the materials and utilities sectors and most disappointing in real estate, pipelines and financials. The success in materials was led by the greater than 25% gain in paper packaging products company Smurfit Kappa which received an acquisition proposal from International Paper.

The largest single detractor during the quarter was Synchrony Financial which declined 13% in the period. We acknowledge market concerns regarding rising credit expenses, yet believe the market is not recognizing the superior return on capital the company generates even with higher credit costs. Synchrony's valuation has become increasingly compelling given the recent weakness.

Our view is that equity risk premiums are quite reasonable given the strongly supportive global economic outlook. Deflation risks have likely given way to reflation risks supporting asset class rotations that may add to investment return volatility. Equity market returns will be primarily dependent on earnings growth and dividend payments as there is only modest room for general multiple expansion. The U.S. economic outlook remains very appealing while the European region is making modest yet significant progress. We believe that strengthening developed economies will support bumpy yet acceptable returns from equities relative to the rather limited investment alternatives.

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| Class F Returns (in %) as at March 31, 2018 | Year-to-date | 1 year | 3 year | 5 year | Since inception (12/21/2012) |
|---|---|---|---|---|---|
| Signature Global Dividend Fund | -0.9 | 5.2 | 5.9 | 12.0 | 13.1 |