Market Commentary
Second Quarter 2018

Signature Global Dividend Fund

Developed markets outperformed emerging markets for the quarter, supported by U.S. equities. The MSCI ACWI High Dividend Yield Index underperformed the broader MSCI ACWI Index, with a loss of 1.25% in U.S. currency.

Earlier in the year, market volatility and equity risk premiums rose and these risk premiums have not yet tightened. Potential suspects for the higher risk premiums include interest rate movements, politics around trade relationships, foreign currency movements and the length of the current economic expansion. We do not believe the absolute length of the current economic expansion is a prudent reason to become overly defensive. The magnitude of this expansion was very subdued relative to other recoveries and thus it is likely to continue, especially with the U.S. tax cuts supporting business sentiment. Our team views equity market valuations as reasonable with global growth indicators generally remaining encouraging.

The fund performed well during the quarter, helped by euro currency hedges and relative foreign currency exposures.

Modestly positive performance was achieved in the majority of sectors during the quarter. Energy was the strongest sector. The financials, industrials and telecommunications sectors each had declines of roughly 2% during the period. Stock selection was mildly disappointing in the consumer staples, consumer discretionary and utility sectors. The relative success in energy was led by the greater than 21% gain in Encana and 18% gain in Canadian Natural Resources and EOG Resources. Equinor, previously called Statoil, was the largest single contributor and was sold during the period following a 12% rally.

The largest single detractor during the quarter was Taiwan Semiconductor which declined 13.3%. Weakness in this position is primarily attributable to U.S. President Donald Trump's trade war threats. We took actions during the quarter to modestly reduce exposure to semiconductor companies on trade war concerns.

Our view is that equity risk premiums are reasonably attractive given the somewhat supportive global economic outlook, although potentially increasing trade friction is a risk that needs to be continually assessed. 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 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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SIGNATURE
GLOBAL ASSET MANAGEMENT™

Class F Returns (in %) as at June 30, 2018	Year-to-date	1 year	3 year	5 year	Since inception (12/21/2012)
Signature Global Dividend Fund	0.4	6.9	6.9	11.7	12.8