Market Commentary
Third Quarter 2018

Signature Global Equity Fund

Equity markets were powered higher by two dominant forces in Q3. The first was the strong performance of technology names where the U.S. is dominant. The second was international markets and in particular Europe, which benefited from better-than-expected economic data and a stable political climate after a year of uncertainty as to the future of the European project, post the Brexit referendum. The more recent clean-up of residual bad banks in Spain with the bail in of Banco Popular and the bail out of two Italian Popolare banks is another positive for the continent.

The U.S. dollar remains in a multi-year trading range and is now weakening toward the bottom of this range as economic data has generally been disappointing in the U.S., while in the rest of the world, economic data has surpassed expectations, particularly in Europe. A weak U.S. dollar is generally supportive of risky assets.

The fund (Class F) returned 2.4% in the quarter. Both energy and financials detracted from performance while consumer staples provided some positive attribution. Energy weakened through most of the quarter as oil inventories, which were declining, reversed as U.S. shale production rebounded. Names that detracted from performance included Encana, which we had sold down at higher levels, as well as RSP Permian, a company in the prolific Permian region of Texas that was also negatively affected.

Financials generally continued to stall as bond yields declined. We believe this is a period of consolidation and in the last week of the quarter there was a strong rebound in the sector, suggesting the consolidation is over. Synchrony Financial was one of our weaker names; however, Citigroup was a strong performer.

Consumer staples was a bright spot with Nestlé rallying during the quarter following the investment of activist Daniel Loeb, who is advocating that the company rationalize its product line and return cash to shareholders. This is something the new CEO of Nestlé was seeking to do anyway, but the move by Loeb seems to have captured investors' imagination even more.

We generally remain bullish on risky assets and equities in particular. During the quarter, exposure to technology was increased slightly.

Markets also appear to be transitioning from growth back to more value-oriented sectors. Technology has been a strong performer since the beginning of the year while financials and health care have stalled. Recent market moves suggest this may be reversing.

Market Commentary
Third Quarter 2018

The outlook for equity markets continues to be positive on account of easy financial conditions, which remain intact despite higher short-term U.S. interest rates and statements from a number of central banks on the prospect of tightening monetary conditions via higher interest rates. This can be explained by the continued global synchronized recovery, which has accelerated in Europe in particular and continued in emerging markets. Central banks like the Bank of Canada, Bank of England, and European Central Bank are making the case for more normalized monetary policy (higher interest rates). In addition, the U.S. Federal Reserve has declared it will begin reducing the size of its balance sheet. We will be closely monitoring the impact of these developments on financial conditions.

Class F Returns (in %) as at September 30, 2018	**Year-to-date**	**1 year**	**3 year**	**5 year**	**10 year**
Signature Global Equity Fund	7.1	14.3	12.0	12.4	9.2

specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

Published October 2018.