Market Commentary
Third Quarter 2018

SIGNATURE
GLOBAL ASSET MANAGEMENT™

Signature Global Resource Fund

The third quarter of 2018 was a quarter in which trade war rhetoric weighed heavily on industrial materials prices, resulting in energy commodities performing well during the quarter.

Brent oil prices were up 4% (West Texas Intermediate (WTI) down 1%) during the quarter. Oil markets continue to be supported by pipeline constraints on West Texas crude supply from the Permian Basin. Egress issues out of Canada continued to impact the prices received for its oil as the Edmonton Par (light oil) and Western Canadian Select (WCS – heavy oil) benchmarks declined by 21% and 28%, respectively, during the quarter. Natural gas prices in the U.S. were up (Henry Hub up 3%) while those in Canada (Alberta Energy Company (AECO)) saw even greater gains off a low bottom, increasing 23% during the quarter. Our preference of crude oil over natural gas remains although we acknowledge the potential for seasonal gas price strength.

The third quarter of 2018 showcased the impact of the trade rhetoric on industrial metals prices. Commodities levered to China and global trade were impacted with copper prices declining 6% during the quarter, zinc down 8%, nickel down 15%, and aluminum and steel down 3% and 7%, respectively. This decline masks the sharp movement down early in the quarter and the recovery of prices in September. Only iron ore and coking coal, two commodities benefiting from environmental shutdowns in China (including steel plants, raising steel margins and demand for higher quality ore and coal) were up, 9% and 3%. Precious metals continued to be more driven by the slight increase (+1%) in the U.S. dollar as gold, silver, and platinum decreased by 5%, 9%, and 4% during the quarter. Lumber prices reversed the prior quarter's gains, down 40%, as logistics were resolved. With the start-up issues of the new chemical facilities resolved in the quarter, the weakness of ethylene prices in Q2 began to flow through to the product prices, with the various grades of polyethylene (the pellets of society's plastics products) falling by roughly 10% during the quarter. We believe that the trade rhetoric between U.S. and China is currently weighing more on sentiment than fundamentals.

The fund (Class F) returned -5.9% for the quarter, outperforming its benchmark (a combination of the S&P/TSX Energy Total Return Index (50%) which returned -5.7% for the quarter, and the S&P/TSX Materials Total Return Index (50%) which returned -12.9%).

The fund's slight overweight in energy continued to be supportive in the quarter. The fund performance was supported by an additional quarter of help from international (Brent-linked) names such as Saipem and Kosmos Energy. This contribution helped offset the drag by some

Canadian producers who were impacted by lower oil prices for their Canadian crude oil. Permian producer RSP Permian also contributed during the quarter.

Our tactical decision early in the quarter to underweight gold helped, as many of the underperformers in the materials sector were the gold producers. While gold has historically performed well in periods of inflation and increased global geopolitical risk, its negative correlation to the U.S. dollar is clearly dominating.

Reflecting our constructive medium-term outlook for copper, during the quarter we initiated a new position in Ero Copper, which also contributed positively to fund performance in the quarter. Ero Copper is a Brazilian copper producer with an attractive production growth profile from existing mines, increasing mining rates to fill its excess mill capacity with some interesting exploration prospects.

Given the uncertainty surrounding trade tariffs, it is understandable that commodity prices and equities react to news headlines. Moreover, the longer trade tariffs between the U.S. and other countries (particularly China) remain, the greater the potential for impact to the global economy. While increased fixed asset investment in China by the government could dampen the trade impact, China's importance to many of the industrial metals has us continuing to favour energy over materials. We will, however, be vigilant for opportunities where equity valuations more than compensate for the risk to demand.

Class F Returns (in %) as at September 30, 2018	Year-to-date	1 year	3 year	5 year	10 year
Signature Global Resource Fund	-2.0	5.6	10.9	0.6	1.8

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The comparison presented is intended to illustrate the Mutual Fund's historical performance as compared with the historical performance of widely quoted market indices or a weighted blend of widely quoted market indices. There are various important differences that may exist between the Mutual Fund and the stated indices that may affect the performance of each. The objectives and strategies of the Mutual Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices. Indices are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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