Signature Select Canadian Fund
First Quarter 2020 Commentary

Class F returns (in %) as at March 31, 2020	Year-to-date	1 year	3 year	5 year	10 year	Since inception (2000/08/08)
Signature Select Canadian Fund	-20.6	-13.2	-2.2	0.9	5.2	7.5

Sources: Signature Global Asset Management, as at March 31, 2020.

Performance Summary

- Over the first quarter of 2020, Signature Select Canadian Fund (the Fund) returned -20.6% compared with -17.3% from its benchmark of 50% MSCI ACWI Index and 50% S&P/TSX Composite Index.
- The Fund underperformed its benchmark during the quarter predominantly due to weakness in certain financial and energy holdings. The widespread equity market weakness was more impactful to Canadian equities due primarily to our country's higher-than-average exposure to commodity sectors, which were hit particularly hard. This was partially offset by the Fund's exposure to gold bullion and gold-related equities, as well as some well-timed energy equity sales early in the quarter before the sell-off really took hold.

Contributors to Performance

- Shopify Inc. returned 14.2% during an otherwise significantly negative quarter for equities. The company's online shopping platform continues to grow, and the company is expanding its service offering in order to provide a more complete online shopping infrastructure to merchants. For performance and valuation reasons, we sold the position late in the quarter.
- In Canadian-dollar terms, Advanced Micro Devices Inc. (AMD) increased 8.4% during the quarter (essentially flat in U.S. dollars). The company continues to benefit from the launch of new products and missteps of its primary competitor, Intel. Given Intel's woes, end clients have been further diversifying their supplier base in multiple product stock-keeping units (SKUs), of which AMD is the prime beneficiary. We continue to like the

company based on its product positioning in both graphic and microprocessor semiconductors.

Detractors from Performance

- As the Fund's top equity holding, Manulife Financial's 33% decline during the quarter detracted from performance. The economic impact of the coronavirus will clearly impact earnings in the near term with lower wealth management revenues, higher credit costs and negative underwriting experience. However, the earning power of the franchise is not as impaired as current valuation would suggest. The business is well-diversified, and its most valuable Asian businesses have demonstrated resilience under horrific circumstance. We expect the company to navigate current challenges relatively well and the dividend yield of 7% is attractive.
- Teck Resources Ltd. detracted from the Fund's performance as its share price declined an astonishing 52.6% during the quarter due to the significant commodity price collapse as the coronavirus crisis unfolded. While most of the events have been outside of management's control, it has led to investors fleeing the resource sector and resulted in poor share price performance. We continue to like Teck Resources for its strong balance sheet, its transition to a more balanced asset portfolio once current mine expansions are complete, and its inexpensive exposure to copper.

Portfolio Activity

- A new position was initiated in Microsoft Corp. Its strength in consumer and business software applications, video gaming systems and its dominant position in the fast-growing cloud computing services, should all continue to benefit from the ongoing shift to home-based work and entertainment. The company's sales are well-diversified both on a product and geographical basis, and the Fund is taking advantage of equity market weakness to initiate a position.
- A new position was initiated in West Fraser Timber Co. Ltd. While construction activity will slow materially given recent coronavirus impacts on the economy, the resulting low interest rates should ultimately support a rebound in housing activity and West Fraser will be in an excellent position to benefit. West Fraser is an incredibly well-run, low-cost lumber producer and we felt the share price drop provided a good entry point.
- The Fund's position in Shopify Inc. was sold. While we continue to like the company's business and strategy, the stock increased about 17% year-to-date despite a significant

equity market sell-off and we felt there was little room in the share price to account for potential weakness in discretionary spending.

Outlook

- We came into 2020 with a generally subdued equity outlook based upon relatively elevated market valuations combined with slowing global economic growth, but this was completely overwhelmed during the quarter by the onset of the coronavirus globally. The far-reaching impact of the virus makes all other forecasts somewhat meaningless until the duration and severity of the virus' impacts become more apparent. One bright spot in this current period of uncertainty is that governments and central banks have gone into action very quickly with a combination of interest rate reductions, quantitative easing measures and broad fiscal support for consumers, businesses and markets. While the ultimate outcome remains uncertain, we believe that these measures, along with actions to contain the spread of the coronavirus, will result in a gradual normalization of economic activity and financial markets in the second half of the year.
- In light of this view, we have been systematically putting our cash and gold holdings back to work in companies and sectors that have been particularly hard hit during the market downturn. Most recently, we have been focused on adding to holdings in the beaten-up energy sector as we expect OPEC, Russia and perhaps even certain western oil producing countries to co-ordinate production cuts and/or other market stabilizing measures. We have also selectively added to certain holdings in the relatively more stable and predictable health care and real estate sectors.

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