



Multi-Asset Market Monitor

May 2019 Market Commentary

Equities	Private Markets	Fixed Income
Equities sold-off across the globe as major markets posted their worst monthly performance since December of 2018. Escalating trade tensions and slowing economic data combined with earnings revisions that are no longer improving hindered investor optimism. ¹ Within Global Markets, U.S. Equities returned -5.9% ² while International equities returned -4.3%. ³ Emerging market equities were the worst performer due to an appreciating U.S. dollar that is approaching record highs against a basket of 19 emerging country currencies. ⁴	Real estate and mortgages posted steady returns amid the selloff in equity markets. Record low office and industrial vacancy rates within Vancouver and Toronto continue to buoy commercial real estate returns. Mortgages lead private asset returns as short term interest rates dropped over the month. Meanwhile, slightly negative global infrastructure returns largely reflected currency impacts rather than appraisal activity.	The Canadian Universe Bond Index posted strong performance in May as dovish central bank comments, pessimism surrounding U.S.-China talks and softer global economic data pushed yields lower. The 2-year Government of Canada ("GoC") yield decreased by 13 basis points ("bps") while the 30-year GoC yield decreased by 23 bps. ⁵ Meanwhile the risk-off tone in equities spilled into credit markets and caused broad corporate spreads to widen by 4 bps in May. ⁶

2014	2015	2016	2017	2018	YTD	1-month	Asset Class Proxies	
Long Bonds 17.5	Glo. Eq 18.9	Cdn. Eq 21.1	EM Eq 25.8	Real Estate 7.8	Cdn. Eq 13.4	Long Bonds 3.4	S&P/TSX MSCI World (Net) ⁷ MSCI Emerging Markets (Net) ⁷	
Glo. Eq 14.4	Infrastructure 11.5	Infrastructure 8.6	Glo. Eq 14.4	Infrastructure 7.8	Long Bonds 9.7	Bonds 1.7	Infrastructure ⁸ Real Estate ⁹	
Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Infrastructure 10.1	Mortgages 2.4	Glo. Eq 8.6	Mortgages 0.9	Custom Mortgage Benchmark ¹⁰	
Cdn. Eq 10.6	Mortgages 4.0	Real Estate 6.1	Cdn. Eq 9.1	Bonds 1.4	Bonds 5.6	Real Estate 0.6	FTSE Cda 91 day T-bill FTSE Cda Universe FTSE Cda LT Overall	
Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Cash 1.4	Mortgages 3.9	Cash 0.1		
Real Estate 7.0	Bonds 3.5	Long Bonds 2.5	Long Bonds 7.0	Long Bonds 0.3	EM Eq 3.0	Infrastructure -0.2		
EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Glo. Eq -0.5	Real Estate 2.6	Cdn. Eq -3.1		
Mortgages 6.0	Cash 0.6	Bonds 1.7	Mortgages 0.9	EM Eq -6.9	Cash 0.7	Glo. Eq -5.3		
Cash 0.9	Cdn. Eq -8.3	Cash 0.5	Cash 0.6	Cdn. Eq -8.9	Infrastructure -0.5	EM Eq -6.8		
Market Portfolio¹¹								
							4.9	
							10.4	
							-0.3	
							7.7	
							-2.0	

Source: TD Greystone Asset Management, FactSet, Preqin. As at May 31, 2019. Returns in Canadian dollars, excluding Infrastructure (U.S. dollars). Gross of investment management fees. May be subject to rounding. Past performance is not indicative of future performance.

¹ One-month change in 12-month EPS estimate for the S&P 500 and the MSCI ACWI ex. U.S. via NBF Economics and Strategy (data via Refinitiv)

² S&P 500. (C\$)

³ MSCI EAFE. (C\$)

⁴ National Bank of Canada.

⁵ Bloomberg.

⁶ BMO Capital Markets.

⁷ MSCI, net of foreign dividend withholding taxes.

⁸ Infrastructure returns are the Preqin Infrastructure Quarterly Index up to its most recent publication, Q2 2018, and are Greystone Infrastructure Fund (Canada) LP returns thereafter. Infrastructure returns are presented in US\$.

⁹ Real estate returns are the MSCI/REALpac Canada Annual Property Index - All Assets up to its most recent publication, Q4 2018, and are Greystone Real Estate Fund Inc. returns thereafter.

¹⁰ Custom Mortgage Benchmark: FTSE Cda Short Term Overall 60%, FTSE Cda Mid Term Overall 40% + 0.5% per annum.

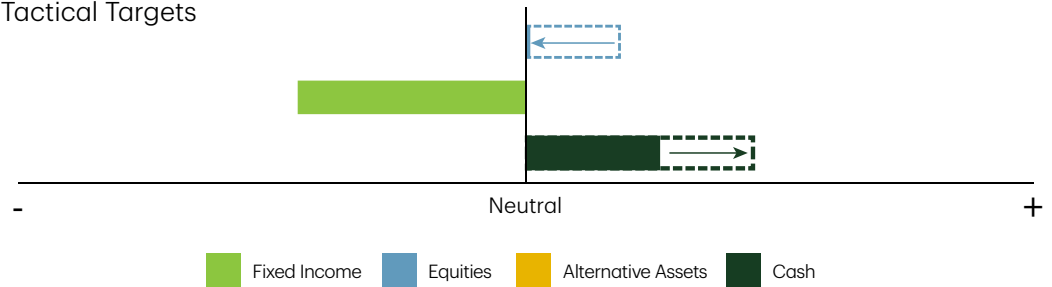
¹¹ The Market Portfolio is the Greystone Balanced Plus Fund.

Multi-Asset Positioning

Asset Strategy

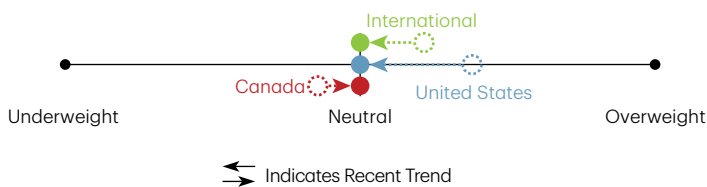


Tactical Targets



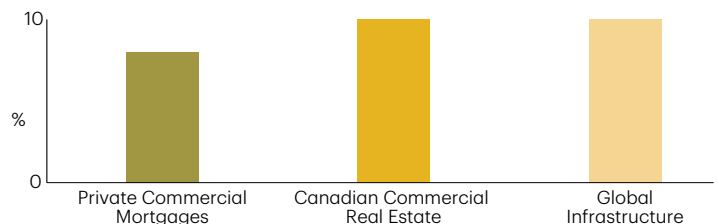
Equities

Regional Bias



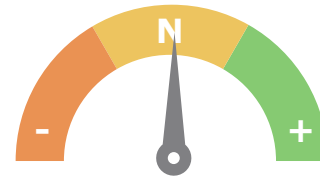
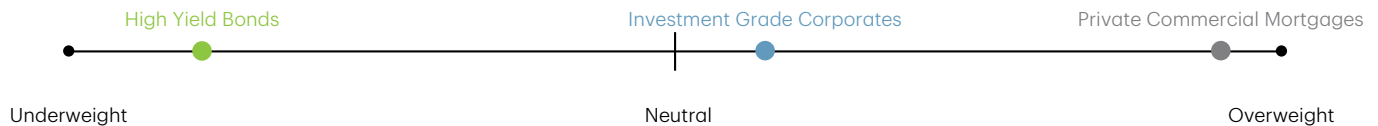
Alternatives

Strategic Targets



Fixed Income

Credit Targets



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