



# Multi-Asset Market Monitor

## July 2019 Market Commentary

Equities	Private Markets	Fixed Income
<p>Lifted by an increasingly dovish central bank and positive U.S.-China trade talks, U.S. equities reached an all-time high during the month of July and returned 1.9%.<sup>1</sup> In contrast, international equities posted negative returns (-0.8%)<sup>2</sup> as poor economic data in Europe and a negative earnings backdrop more than offset strong dovish tones from the European and Japanese Central Banks. Canadian equities took a breather from their 2019 ascent as oil prices remained flat over the month. Due to signs of an economic slowdown in China and a stronger U.S. dollar, emerging market equities underperformed developed markets and posted negative returns.</p>	<p>Commercial real estate and private commercial mortgages posted positive returns in July. Buoyed by strong demand and tight market conditions for multi-unit residential and industrial, commercial real estate continues to post steady positive returns. Despite higher short term interest rates, private commercial mortgages managed to post slightly positive returns due to income. Negative global infrastructure returns largely reflected currency impacts rather than appraisal activity.</p>	<p>Canadian bonds posted modest positive returns as interest rates remained relatively flat month-over-month. Canadian yields began July trading higher; however, by month end, they followed their U.S. counterparts and rallied as the U.S. Federal Reserve Bank cut interest rates by 25 basis points (“bps”) for the first time in 11 years. The yield curve slightly steepened, with the 2-year Government of Canada (“GoC”) yields increasing by 7 bps and the 30-year GoC yield increasing by 1 bps.<sup>3</sup> Fueled by global central banks accommodative policies, the risk-on sentiment in global markets was positive for credit spreads, which narrowed by 6 bps in July.<sup>4</sup></p>

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 16.6	Glo. Eq 1.0	S&P/TSX
Glo. Eq 14.4	Infrastructure 11.5	Infrastructure 8.6	Glo. Eq 14.4	Infrastructure 6.3	Glo. Eq 13.0	Real Estate 0.5	MSCI World (Net) <sup>5</sup>
Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Infrastructure 10.1	Mortgages 2.4	Long Bonds 12.6	Long Bonds 0.4	MSCI Emerging Markets (Net) <sup>5</sup>
Cdn. Eq 10.6	Mortgages 4.0	Real Estate 6.1	Cdn. Eq 9.1	Bonds 1.4	Bonds 6.7	Cdn. Eq 0.3	Infrastructure <sup>6</sup>
Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Cash 1.4	EM Eq 5.0	Bonds 0.2	Real Estate <sup>7</sup>
Real Estate 7.0	Bonds 3.5	Long Bonds 2.5	Long Bonds 7.0	Long Bonds 0.3	Real Estate 4.4	Cash 0.1	Custom Mortgage Benchmark <sup>8</sup>
EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Glo. Eq -0.5	Mortgages 4.3	Mortgages 0.1	FTSE Cda 91 day T-bill
Mortgages 6.0	Cash 0.6	Bonds 1.7	Mortgages 0.9	EM Eq -6.9	Infrastructure 2.5	EM Eq -0.7	FTSE Cda Universe
Cash 0.9	Cdn. Eq -8.3	Cash 0.5	Cash 0.6	Cdn. Eq -8.9	Cash 1.0	Infrastructure -0.9	FTSE Cda LT Overall
<b>Market Portfolio<sup>9</sup></b>							
		4.9	10.4	-0.3	10.2	0.8	

Source: TD Greystone Asset Management, FactSet, Prequin. As at July 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.

<sup>1</sup> S&P 500.

<sup>2</sup> MSCI EAFE.

<sup>3</sup> Bloomberg L.P.

<sup>4</sup> BMO Capital Markets.

<sup>5</sup> MSCI, net of foreign dividend withholding taxes.

<sup>6</sup> Infrastructure returns are the Prequin Infrastructure Quarterly Index up to its most recent publication, Q3 2018, and are Greystone Infrastructure Fund (Canada) LP returns thereafter. Infrastructure returns are presented in US\$.

<sup>7</sup> Real estate returns are the MSCI/REALpac Canada Annual Property Index - All Assets up to its most recent publication, Q1 2019, and are Greystone Real Estate Fund Inc. returns thereafter.

<sup>8</sup> Custom Mortgage Benchmark: FTSE Cda Short Term Overall 60%, FTSE Cda Mid Term Overall 40% + 0.5% per annum.

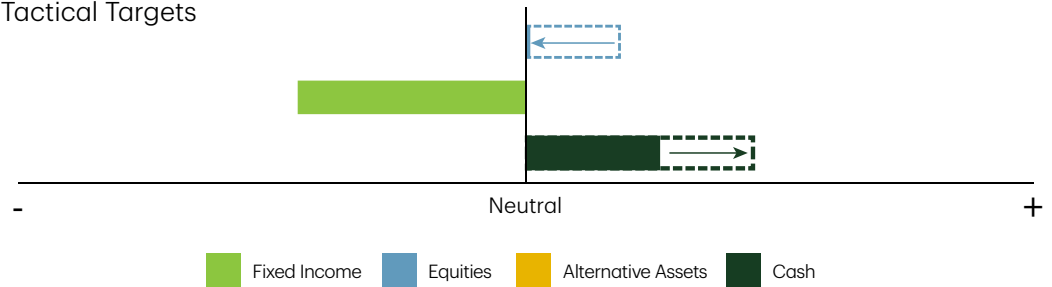
<sup>9</sup> The Market Portfolio is the Greystone Balanced Plus Fund.

# Multi-Asset Positioning

## Asset Strategy

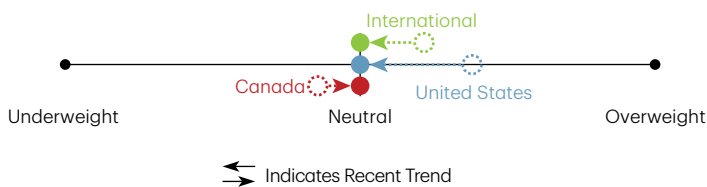


### Tactical Targets



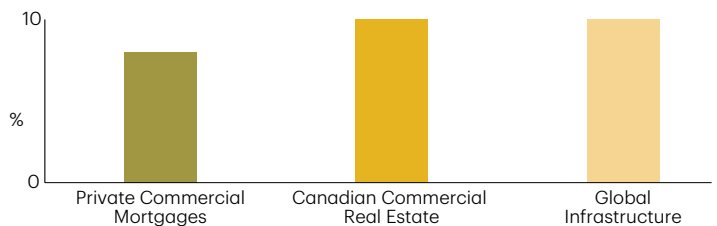
## Equities

### Regional Bias



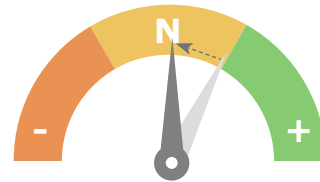
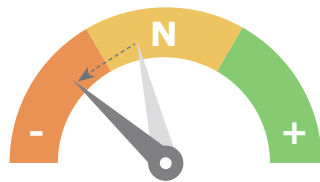
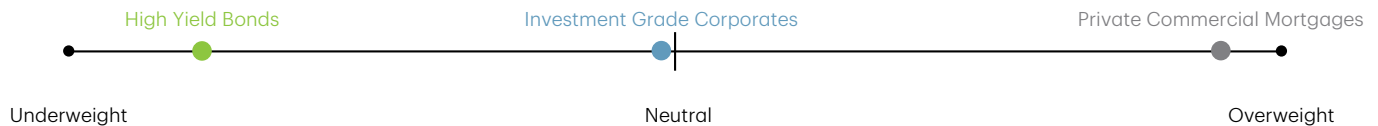
## Alternatives

### Strategic Targets



## Fixed Income

### Credit Targets



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