



Multi-Asset Market Monitor

August 2019 Market Commentary

Equities	Private Markets	Fixed Income
<p>Light trading volume combined with intensifying global trade tensions roiled equity markets with volatility during the month of August. The S&P 500 fell close to 5.0% during the first week of trading; however, managed to close the month down only 0.5%¹ following a volatile ride in-between. International equities fell 1.4%² as negative yields plague the banking sector. Canadian equities posted slight positive returns and lead all regions as gold prices appreciated. Emerging market equities continued to underperform as the index witnessed its worst month of August since 1997.</p>	<p>Amid volatility in public markets, commercial real estate and private commercial mortgages posted steady positive returns. Commercial real estate performance was partly driven by strong demand in the multi-residential and industrial markets as incremental demand continues to outpace supply. Private commercial mortgages outpaced other real assets during August as downward pressure on interest rates buoyed performance. Negative global infrastructure returns can largely be attributed to currency impacts rather than appraisal activity.</p>	<p>The Canadian Universe Bond Index prolonged the 2019 trend and posted positive returns in August. Ongoing trade tensions and the fear of a global economic slowdown triggered investors to search for a safe haven in fixed income, causing short-term and long-term yields to decrease. The yield curve flattened over the month with the 2-year Government of Canada ("GoC") yield decreasing 21 basis points ("bps") while the 30-year GoC yield decreased 26 bps³. The risk-off tone in equity markets spilled into credit markets, which caused spreads to widen by 12 bps⁴.</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 17.1	Long Bonds 3.4	S&P/TSX
Glo. Eq 14.4	Infrastructure 11.5	Infrastructure 8.6	Glo. Eq 14.4	Infrastructure 6.3	Long Bonds 16.4	Bonds 1.9	MSCI World (Net) ⁵
Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Infrastructure 10.1	Mortgages 2.4	Glo. Eq 12.0	Mortgages 1.2	MSCI Emerging Markets (Net) ⁵
Cdn. Eq 10.6	Mortgages 4.0	Real Estate 6.1	Cdn. Eq 9.1	Bonds 1.4	Bonds 8.7	Real Estate 0.5	Infrastructure ⁶
Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Cash 1.4	Mortgages 5.6	Cdn. Eq 0.4	Real Estate ⁷
Real Estate 7.0	Bonds 3.5	Long Bonds 2.5	Long Bonds 7.0	Long Bonds 0.3	Real Estate 4.1	Cash 0.1	Custom Mortgage Benchmark ⁸
EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Glo. Eq -0.5	Infrastructure 1.6	Glo. Eq -0.9	FTSE Cda 91 day T-bill
Mortgages 6.0	Cash 0.6	Bonds 1.7	Mortgages 0.9	EM Eq -6.9	Cash 1.1	Infrastructure -0.9	FTSE Cda Universe
Cash 0.9	Cdn. Eq -8.3	Cash 0.5	Cash 0.6	Cdn. Eq -8.9	EM Eq 1.1	EM Eq -3.7	FTSE Cda LT Overall
Market Portfolio⁹							
		4.9	10.4	-0.3	10.8	0.6	

Source: TD Greystone Asset Management, FactSet, Preqin. As at August 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 S&P 500.

² MSCI EAFE.

³ Bloomberg L.P.

⁴ BMO Capital Markets

⁵ MSCI, net of foreign dividend withholding taxes.

⁶ Infrastructure returns are the Preqin 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\$.

⁷ 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.

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

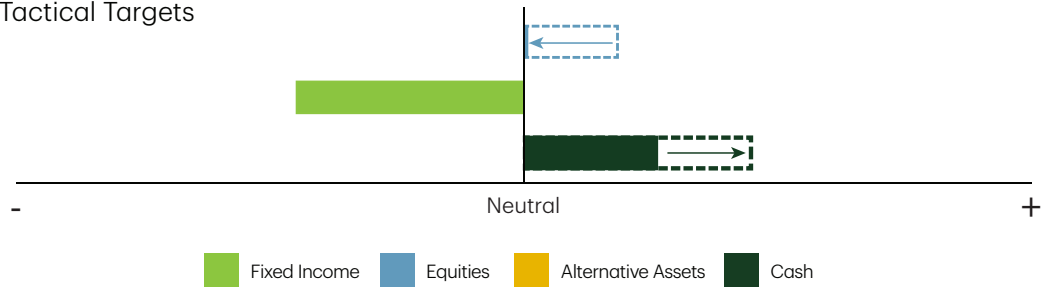
⁹ The Market Portfolio is the Greystone Balanced Plus Fund.

Multi-Asset Positioning

Asset Strategy

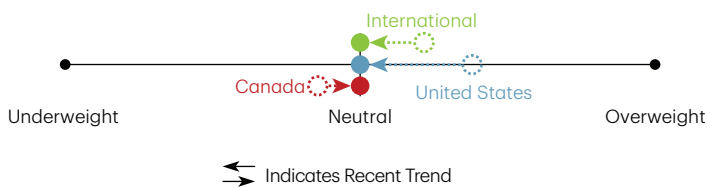


Tactical Targets



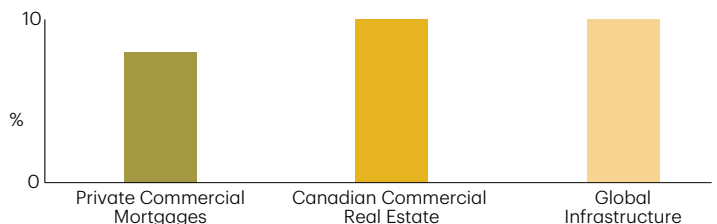
Equities

Regional Bias



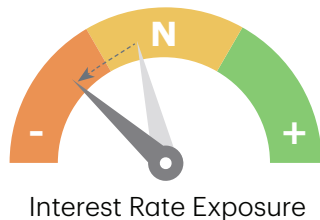
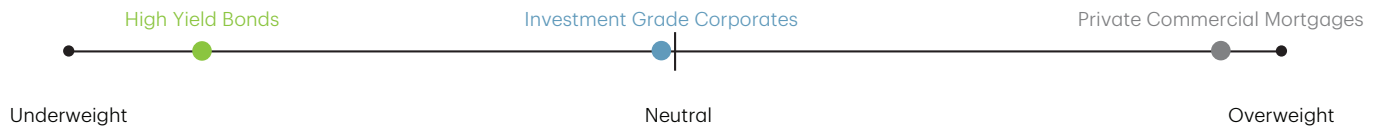
Alternatives

Strategic Targets



Fixed Income

Credit Targets



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