

# Balanced

Portfolio review of quarter ended June 30, 2018

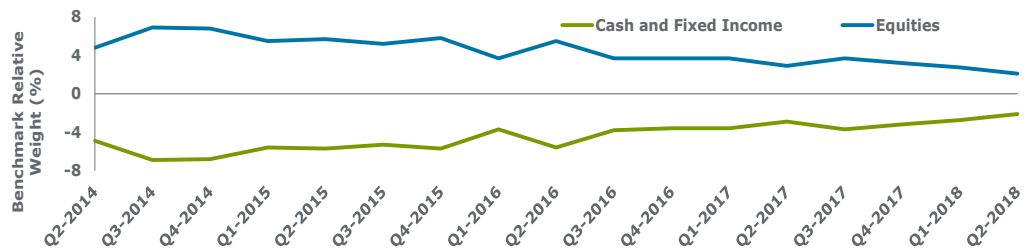
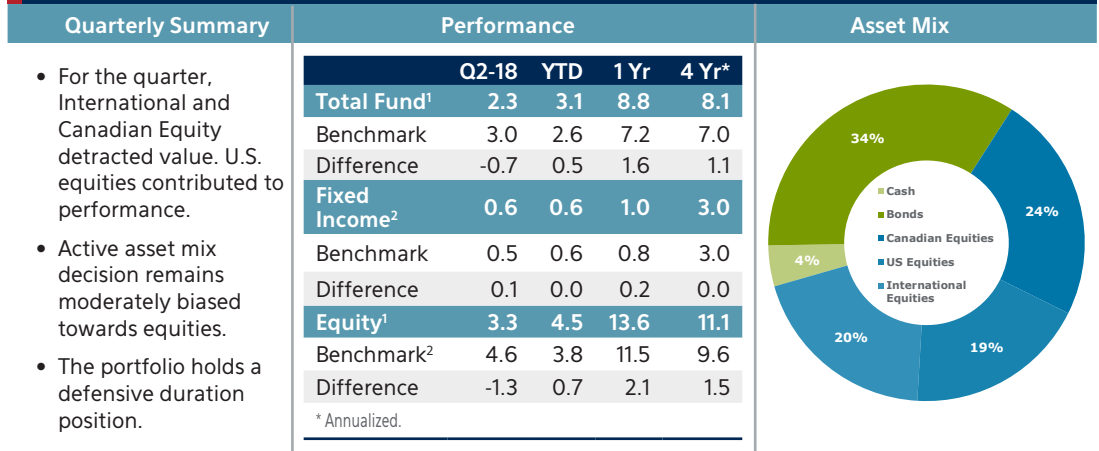
**We Believe:**

*Active asset management delivers superior rates of return*

*Diversification reduces risk and enhances returns*

*Public and private markets can be combined to achieve optimal outcomes*

**Figure 1: Dashboard Q2-2018**



C\$. <sup>1</sup> Includes cash. <sup>2</sup> Please refer to Quarterly report for current benchmarks. Gross of investment management fees. May be subject to rounding. Percentage Returns at Jun 30, 2018.

- North American equities drove portfolio returns for the second quarter. Canadian equities were supported by higher oil prices and performed well in the face of headline risk regarding trade with the United States. Unhedged U.S. dollar exposure benefitted Canadian investors in U.S. equities as well. International equities lagged as market sentiment waned and emerging markets were weighted down by a stronger U.S. dollar and trade concerns.
- Fixed income returns were modest but in line with prevailing yields. Lower long-term interest rates helped offset losses from higher short-term rates.
- Portfolio returns were behind the benchmark for the quarter. Security selection from international and Canadian equities along with an international equity overweight were the primary detractors. U.S. equities contributed to performance.
- The portfolio remains ahead of the benchmark on a year-to-date basis, benefitting from a fixed income underweight and benchmark-relative outperformance from equities.
- We see signs of continued growth around the world, albeit at a moderating pace. Our active asset mix decision remains biased towards equities but with only a modest tilt, as we see potential for higher market volatility. Regionally, we favour U.S. and international equity exposure over Canadian equities.

**YOUR PORTFOLIO MANAGERS:**

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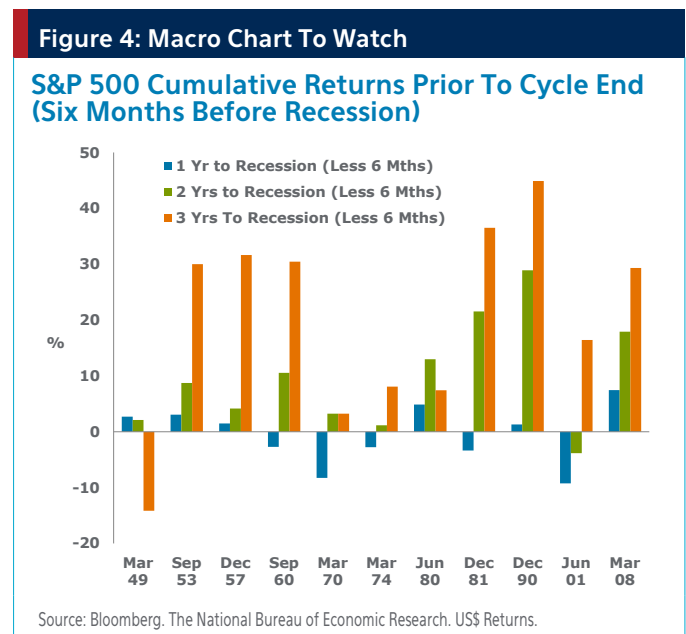
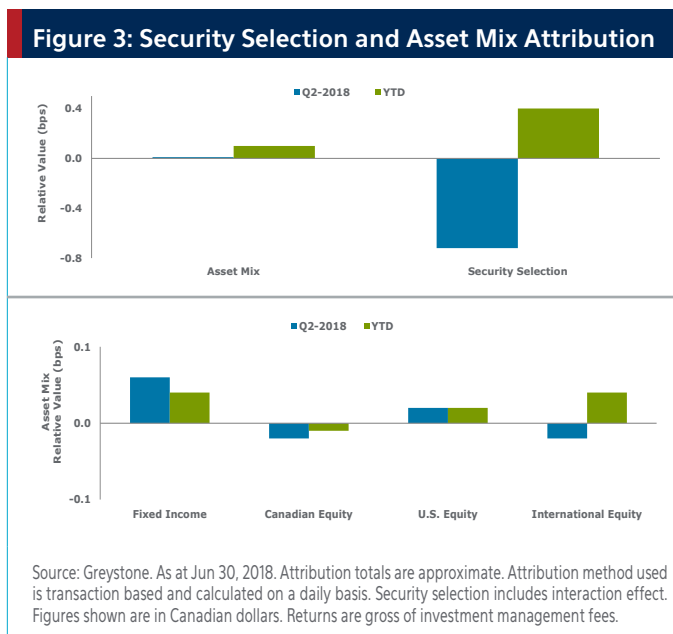


Figure 2: Multi-Asset Class Total Returns (Calendar Year)					Ending Jun 30, 2018	Benchmarks
2013	2014	2015	2016	2017	3-Month	
Glo. Eq 35.2	Long Bonds 17.5	Glo. Eq 18.9	Cdn. Eq 21.1	EM Eq 28.3	Cdn. Eq 6.8	S&P/TSX
Cdn. Eq 13.0	Glo. Eq 14.4	Infrastructure 11.5	Infrastructure 8.6	Infrastructure 17.6	Glo. Eq 3.8	MSCI World (Net) <sup>1</sup>
Infrastructure 12.9	Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Glo. Eq 14.4	Infrastructure 2.8	MSCI Emerging Markets (Net)
Real Estate 10.6	Cdn. Eq 10.6	Mortgages 4.0	Real Estate 6.1	Cdn. Eq 9.1	Real Estate 2.5	Infrastructure <sup>2</sup>
EM Eq 3.9	Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Long Bonds 0.9	REALPAC/IPD Canada Quarterly Property Index - All Assets <sup>3</sup>
Mortgages 1.3	Real Estate 7.0	Bonds 3.5	Long Bonds 2.5	Long Bonds 7.0	Bonds 0.5	Custom Mortgage Benchmark <sup>4</sup>
Cash 1.0	EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Mortgages 0.4	FTSE TMX Cda 91 day T-bill
Bonds -1.2	Mortgages 6.0	Cash 0.6	Bonds 1.7	Mortgages 0.9	Cash 0.3	FTSE TMX Cda Universe
Long Bonds -6.2	Cash 0.9	Cdn. Eq -8.3	Cash 0.5	Cash 0.6	EM Eq -6.1	FTSE TMX Cda LT Overall

Source: FactSet, Preqin, Greystone. As at Jun 30, 2018.

Returns in Canadian dollars, excluding Infrastructure (U.S. dollars). Gross of investment management fees. May be subject to rounding. Past performance is not necessarily a guide to future results.

- <sup>1</sup> MSCI, net of foreign dividend withholding taxes.
- <sup>2</sup> Infrastructure returns are the Preqin Infrastructure Quarterly Index up to Q3 2017 and are Greystone Infrastructure Fund (Canada) LP returns thereafter.
- <sup>3</sup> Real estate returns are the REALPAC/IPD Canada Quarterly Property Index - All Assets up to its most recent publication, Q1 2018 and are Greystone Real Estate Fund Inc. returns thereafter.
- <sup>4</sup> Custom Mortgage Benchmark: FTSE TMX Cda Short Term Overall 60%, FTSE TMX Cda Mid Term Overall 40% + 0.5% per annum.



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