

# Multi-Asset Market Monitor

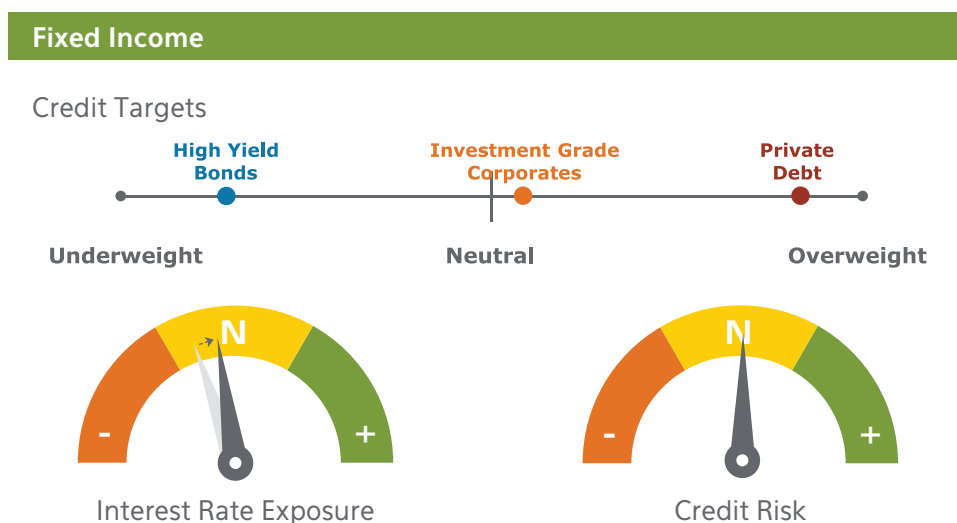
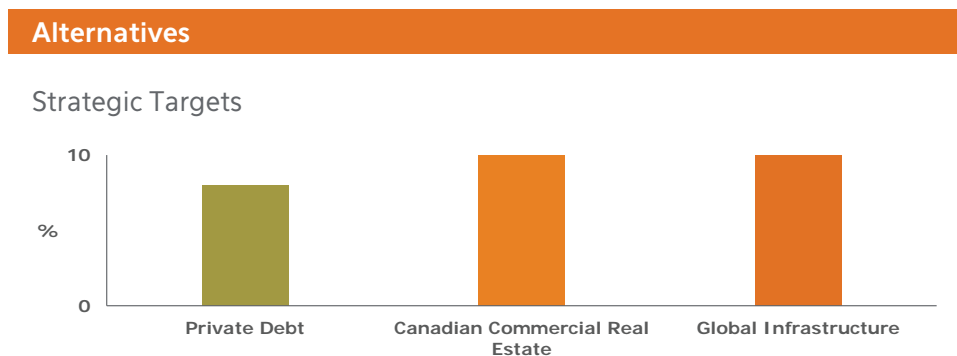
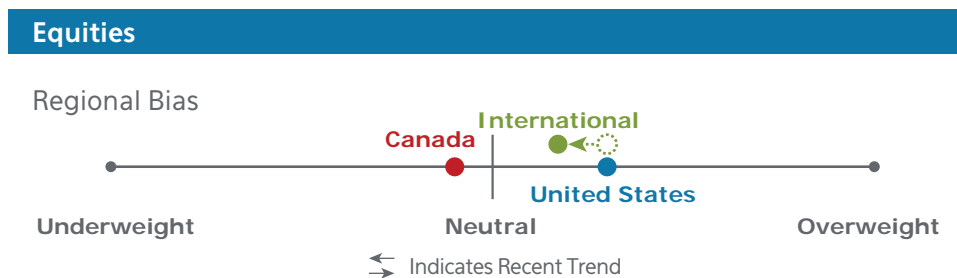
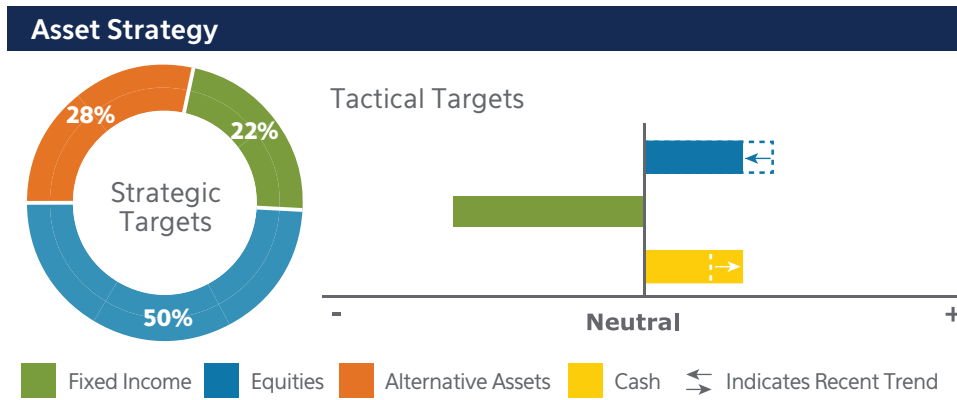
## September 2018 Market Commentary

Equities	Private Markets	Fixed Income
Equities posted flat to negative returns in September as continued earnings and economic strength contrasted with tightening financial conditions and U.S.-China trade uncertainty. The latter caused emerging markets to underperform while U.S. and international equities posted -0.3% <sup>1</sup> and 0.0%, <sup>2</sup> respectively. Despite a significant rise in global oil prices Canadian equities posted negative returns as Western Canadian Select crude continues to face distribution challenges.	Direct private real estate and global infrastructure had strong returns during the month. Private real estate posted positive returns as the Canadian downtown office market continues to be fueled by a strong economy and increased demand by technology companies. Mortgages underperformed last month due to higher short-term interest rates but still provided a cushion relative to bonds.	The Canadian universe bond index recorded negative returns in September as interest rates moved higher across the entire curve. A Federal Reserve policy rate hike, the USMCA <sup>3</sup> trade deal and continued economic strength pushed yields in Canada and the U.S. to multi-year highs during the last week of September. Investor risk appetite remained strong as Canadian corporate spreads were flat despite \$9.3 billion of new issuance. <sup>4</sup>

2013	2014	2015	2016	2017	YTD	1-month	Benchmarks			
Glo. Eq 35.2	Long Bonds 17.5	Glo. Eq 18.9	Cdn. Eq 21.1	EM Eq 28.3	Glo. Eq 8.8	Infrastructure 1.7	S&P/TSX MSCI World (Net) <sup>5</sup> MSCI Emerging Markets (Net) <sup>5</sup>			
Cdn. Eq 13.0	Glo. Eq 14.4	Infrastructure 11.5	Infrastructure 8.6	Infrastructure 18.8	Real Estate 6.0	Real Estate 1.1	Infrastructure <sup>6</sup> REALpac/IPD Canada – All Assets <sup>7</sup>			
Infrastructure 12.9	Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Glo. Eq 14.4	Infrastructure 3.7	Cash 0.1	Custom Mortgage Benchmark <sup>8</sup> FTSE TMX Cda 91 day T-bill FTSE TMX Cda Universe FTSE TMX Cda LT Overall			
Real Estate 10.6	Cdn. Eq 10.6	Mortgages 4.0	Real Estate 6.1	Cdn. Eq 9.1	Cdn. Eq 1.4	Glo. Eq -0.3				
EM Eq 3.9	Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Cash 0.9	Mortgages -0.5	Source: FactSet, Preqin, Greystone. As at September 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 indicative of future performance.			
Mortgages 1.3	Real Estate 7.0	Bonds 3.5	Long Bonds 2.5	Long Bonds 7.0	Mortgages 0.5	Cdn. Eq -0.9	<sup>1</sup> S&P 500 <sup>2</sup> MSCI EAFE <sup>3</sup> United States-Mexico-Canada Agreement <sup>4</sup> BMO Capital Markets			
Cash 1.0	EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Bonds -0.4	Bonds -1.0	<sup>5</sup> MSCI, net of foreign dividend withholding taxes. <sup>6</sup> Infrastructure returns are the Preqin Infrastructure Quarterly Index up to Q4 2017 and are Greystone Infrastructure Fund (Canada) LP returns thereafter.			
Bonds -1.2	Mortgages 6.0	Cash 0.6	Bonds 1.7	Mortgages 0.9	Long Bonds -1.5	EM Eq -1.4	<sup>7</sup> Real estate returns are the REALpac/IPD Canada Quarterly Property Index - All Assets up to its most recent publication, Q2 2018 and are Greystone Real Estate Fund Inc. returns thereafter.			
Long Bonds -6.2	Cash 0.9	Cdn. Eq -8.3	Cash 0.5	Cash 0.6	EM Eq -4.8	Long Bonds -2.1	<sup>8</sup> Custom Mortgage Benchmark: FTSE TMX Cda Short Term Overall 60%, FTSE TMX Cda Mid Term Overall 40% + 0.5% per annum. <sup>9</sup> The Market Portfolio is the Greystone Balanced Plus fund.			
<b>Market Portfolio<sup>9</sup></b>										
							4.9	10.4	3.9	-0.8



## Greystone Multi-Asset Positioning



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Sean Collins, CFA  
416.309.2183  
Sean.Collins@greystone.ca

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