

Multi-Asset Market Monitor

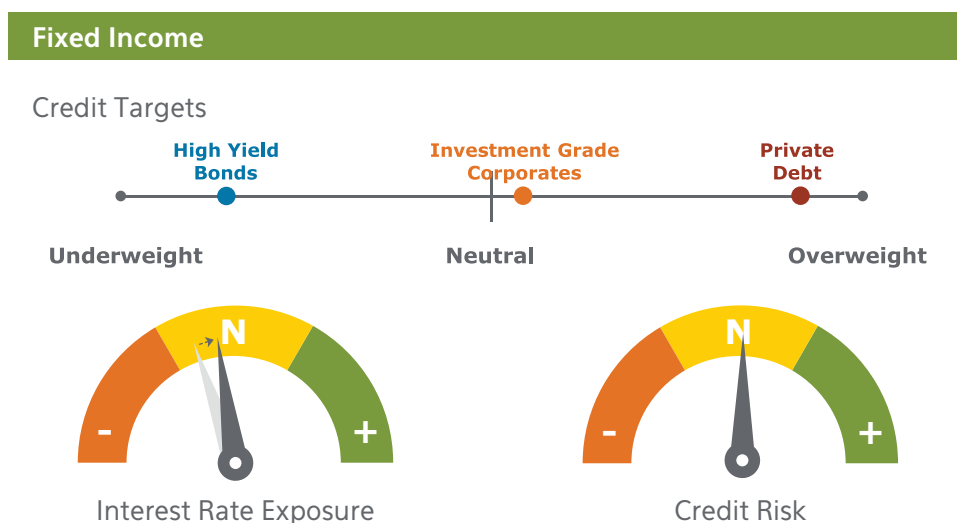
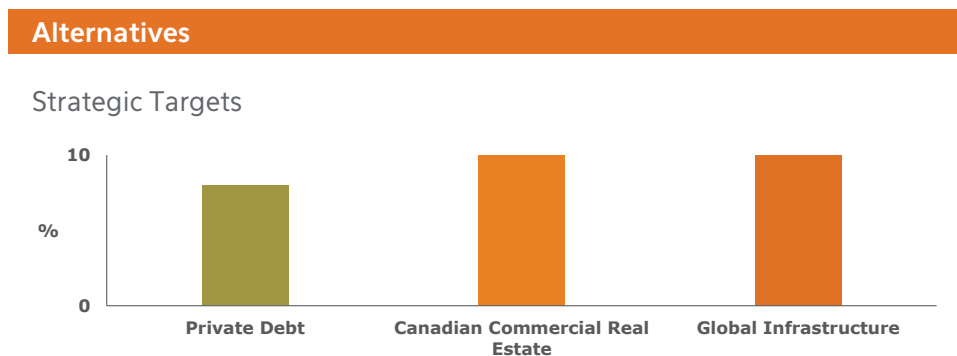
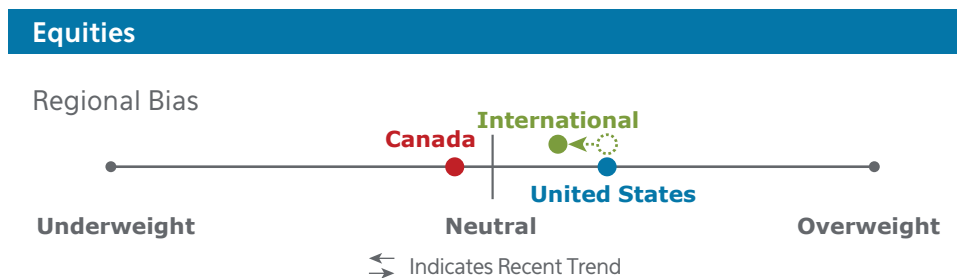
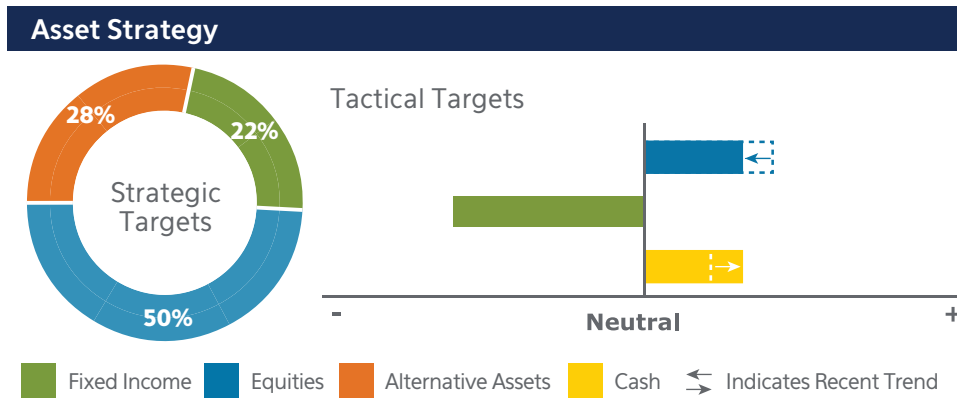
October 2018 Market Commentary

Equities	Private Markets	Fixed Income
Equities across the globe posted negative returns in October as U.S. and international equities returned -5.35% ¹ and -6.49% ² , respectively. The sell-off was largely attributed to China-U.S. trade disputes and higher interest rates. The TSX underperformed developed markets as Western Canadian Select oil prices fell towards decade lows. A strengthening U.S. dollar and signs of an economic slowdown in China caused emerging markets to suffer the greatest losses in October.	Private commercial real estate witnessed positive returns in October as the multi-unit residential and industrial markets continue to see robust demand and rock-bottom vacancy rates. Global direct infrastructure displayed negative returns as currency impacts outweighed appraisal activity during the month. Mortgages posted negative returns due to higher short-term interest rates but managed to outperform bonds.	The Canadian universe bond index had negative returns last month as interest rates moved higher across the yield curve. Short-term yields rose as the Bank of Canada increased the overnight policy rate while the new NAFTA trade agreement and heightening inflation expectations increased long-term rates. The yield curve slightly flattened with 2-year Government of Canada ("GoC") yields increasing by 12 basis points ("bps") whereas 30-year GoC yields increased by 11 bps. ³ Broad corporate spreads slightly widened as the risk off tone in equities spilled into the credit market.

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	Real Estate 5.8	Real Estate 0.7	S&P/TSX MSCI World (Net) ⁴ MSCI Emerging Markets (Net) ⁴		
Cdn. Eq 13.0	Glo. Eq 14.4	Infrastructure 11.5	Infrastructure 8.6	Infrastructure 18.8	Glo. Eq 2.4	Cash 0.1	Infrastructure ⁵ REALpac/IPD Canada – All Assets ⁶		
Infrastructure 12.9	Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Glo. Eq 14.4	Infrastructure 2.3	Mortgages -0.2	Custom Mortgage Benchmark ⁷ 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	Cash 1.0	Bonds -0.6			
EM Eq 3.9	Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Mortgages 0.3	Infrastructure -1.4	Source: FactSet, Preqin, Greystone. As at October 31, 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	Bonds -1.0	Long Bonds -1.5	¹ S&P 500 ² MSCI EAFE ³ Bloomberg		
Cash 1.0	EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Long Bonds -3.0	Glo. Eq -5.9	⁴ MSCI, net of foreign dividend withholding taxes. ⁵ 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	Cdn. Eq -5.0	Cdn. Eq -6.3	⁶ Real estate returns are the REALpac/IPD Canada Quarterly Property Index - All Assets up to its most recent publication, Q3 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 -11.7	EM Eq -7.2	⁷ Custom Mortgage Benchmark: FTSE TMX Cda Short Term Overall 60%, FTSE TMX Cda Mid Term Overall 40% + 0.5% per annum. ⁸ The Market Portfolio is the Greystone Balanced Plus fund.		
Market Portfolio⁸						4.9	10.4	0.6	-3.2



Greystone Multi-Asset Positioning



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*The Greystone Alternative Plus Solution is an integrated open-ended alternatives mandate where a client invests in the Greystone Infrastructure Fund (Canada) LP, the Greystone Mortgage Fund and the Greystone Real Estate Fund Inc. or the Greystone Real Estate LP Fund. Greystone holistically manages the underlying cash flows and liquidity of the allocation as well as the asset mix between the underlying strategies.

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