



Multi-Asset Market Monitor

December 2018 Market Commentary

Equities	Private Markets	Fixed Income
<p>Negative sentiment continued to pressure equity valuations as concerns over a synchronized global economic slowdown and U.S.- China trade disputes intensified. Falling oil prices augmented the pressure on Canadian equities and caused the TSX to fall behind other regions. After underperforming the first 11 months of 2018, emerging markets received a relative relief rally and outperformed developed markets in December.</p>	<p>Private assets provided strong relative returns amid volatile equity and credit markets in December. Global Infrastructure led the pack as asset valuations reflected strong underlying fundamentals and diversification from public equities. Falling interest rates supported mortgages, which also outperformed corporate bonds due to more stable spreads. Real estate performance was bolstered by demand for industrial space continuing to outpace supply across most major cities.</p>	<p>Canadian bonds witnessed strong returns in the final month of December. Bond yields fell as market participants priced in the prospect of lower inflation and fewer anticipated rate hikes from central banks. Risk aversion throughout the quarter resulted in materially wider spreads and credit sectors underperforming in the order of quality.</p>

2013	2014	2015	2016	2017	2018	1-month	Benchmarks	
Glo. Eq 35.2	Long Bonds 17.5	Glo. Eq 18.9	Cdn. Eq 21.1	EM Eq 28.3	Infrastructure 7.8	Infrastructure 2.6	S&P/TSX Composite Index MSCI World (Net) ¹ MSCI Emerging Markets (Net) ¹	
Cdn. Eq 13.0	Glo. Eq 14.4	Infrastructure 11.5	Infrastructure 8.6	Glo. Eq 14.4	Real Estate 6.6	Long Bonds 1.9	Infrastructure ² MSCI/REALpac Canada Annual Property Index - All ³	
Infrastructure 12.9	Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Infrastructure 10.1	Mortgages 2.4	Bonds 1.4	Custom Mortgage Benchmark ⁴ 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	Bonds 1.4	Mortgages 1.2		
EM Eq 3.9	Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Cash 1.4	Real Estate 0.7		
Mortgages 1.3	Real Estate 7.0	Bonds 3.5	Long Bonds 2.5	Long Bonds 7.0	Long Bonds 0.3	Cash 0.2		
Cash 1.0	EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Glo. Eq -0.5	EM Eq 0.0		
Bonds -1.2	Mortgages 6.0	Cash 0.6	Bonds 1.7	Mortgages 0.9	EM Eq -6.9	Glo. Eq -5.1		
Long Bonds -6.2	Cash 0.9	Cdn. Eq -8.3	Cash 0.5	Cash 0.6	Cdn. Eq -8.9	Cdn. Eq -5.4		
Market Portfolio⁵								
							4.9	10.4
							-0.3	-1.9

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

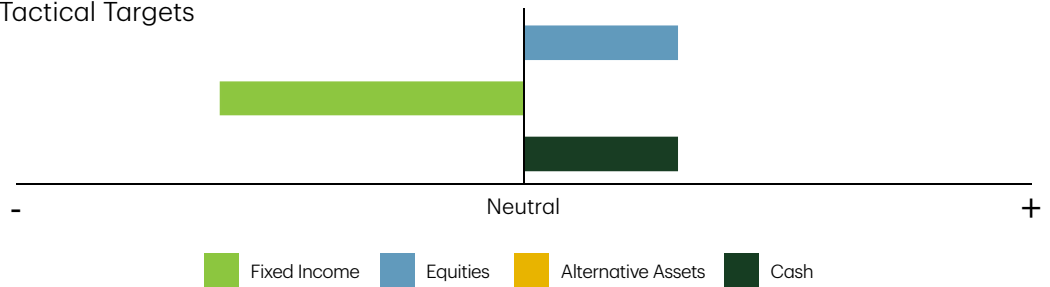
¹MSCI, net of foreign dividend withholding taxes.
²Infrastructure returns are the Prequin Infrastructure Quarterly Index up to its most recent publication, Q2 2018 and are Greystone Infrastructure Fund (Canada) LP returns thereafter.
³ Real estate returns are the MSCI/REALpac Canada Annual Property Index - All Assets up to its most recent publication, Q3 2018 and are Greystone Real Estate Fund Inc. returns thereafter.
⁴ Custom Mortgage Benchmark: FTSE TMX Cda Short Term Overall 60%, FTSE TMX Cda Mid Term Overall 40% + 0.5% per annum.
⁵ The Market Portfolio is the Greystone Balanced Plus fund.

Multi-Asset Positioning

Asset Strategy

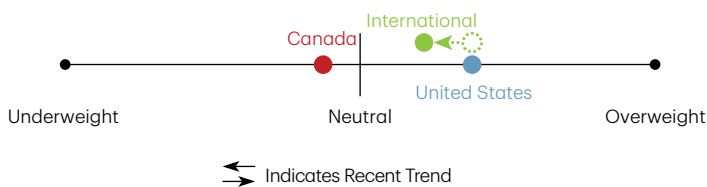


Tactical Targets



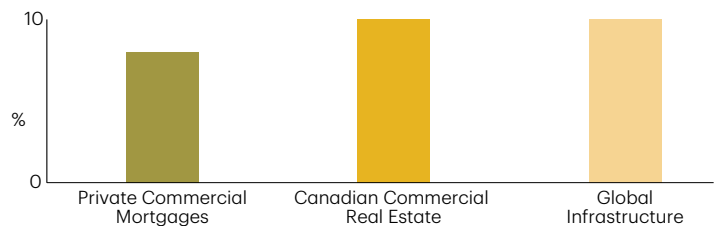
Equities

Regional Bias



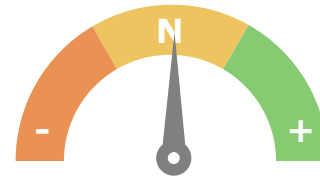
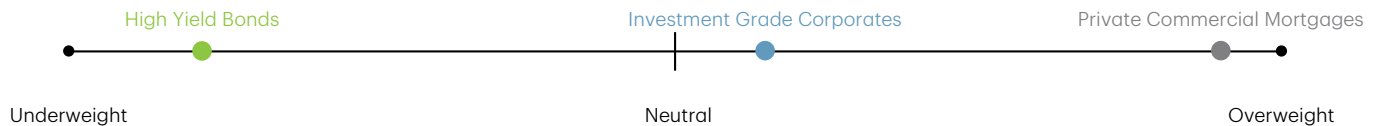
Alternatives

Strategic Targets



Fixed Income

Credit Targets



Jafer Naqvi, CFA
 Vice President and Director,
 Fixed Income & Multi-Asset
 416.309.2586 | jafer.naqvi@greystone.ca

Sean Collins, CFA
 Vice President and Director,
 Institutional Relationships
 416.309.2183 | sean.collins@greystone.ca



Greystone.ca

Opinions reflect those of TD Greystone Asset Management as of the date hereof. The information contained herein has been provided by TD Greystone Asset Management and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance.

TD Greystone Asset Management claims compliance with the Global Investment Performance Standards (GIPS). A GIPS compliant presentation is available upon request. TD Greystone Asset Management has been independently verified for the period from January 1, 2000 to December 31, 2017. The verification report(s) is/are available upon request. Verification assess whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

TD Greystone Asset Management ("TD Greystone") represents Greystone Managed Investments Inc., a wholly-owned subsidiary of Greystone Capital Management Inc. ("GCM"). GCM is a wholly-owned subsidiary of The Toronto-Dominion Bank.

In Canada, TD Greystone Asset Management is a registered portfolio manager, exempt market dealer and investment fund manager. TD Greystone Asset Management is registered as an investment adviser with the Securities and Exchange Commission in the United States.

® The TD logo and other trade-marks are the property of The Toronto-Dominion Bank.