TD Greystone Asset Management

The Strategist

Winter 2019

Is the economic cycle about to turn over?

How did Alternatives perform in the selloff?

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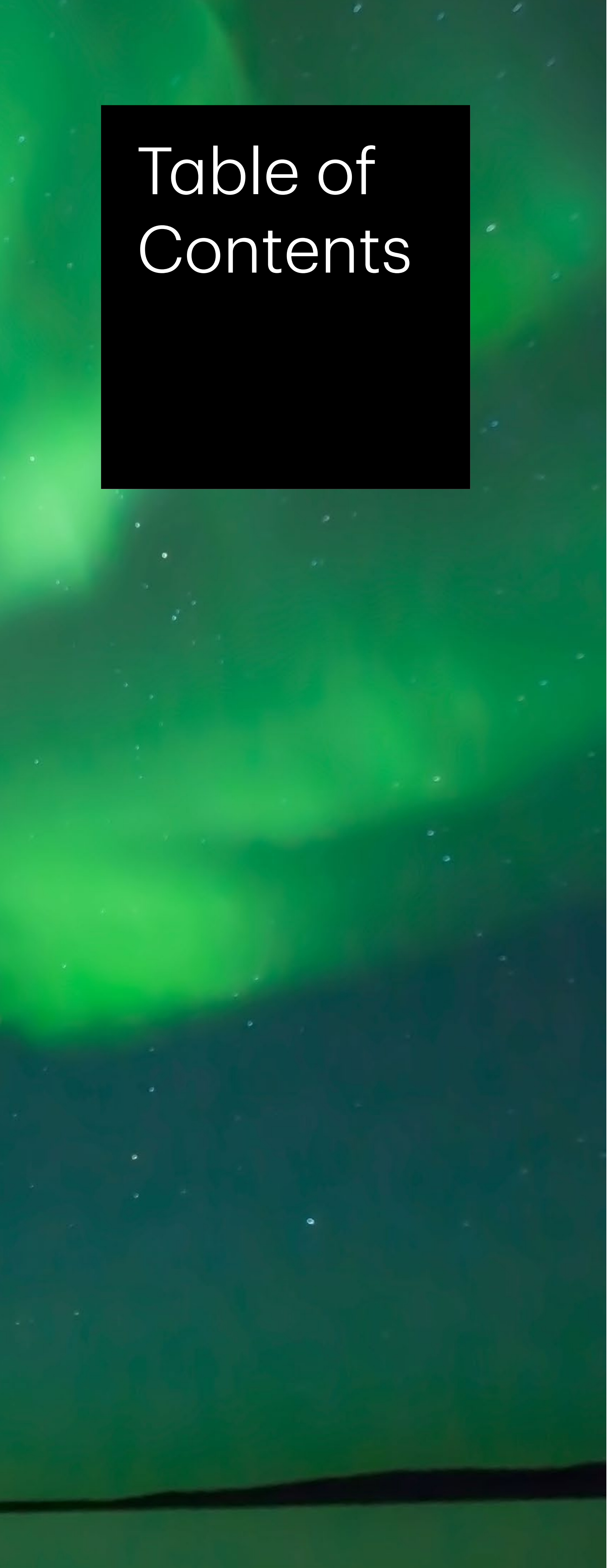

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Winter Overview

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It is fascinating to observe the difference that three months can make on market sentiment and outlook. Last quarter our concern was around investor complacency given the lack of discernable headline risks to global growth. Over the course of the fourth quarter we saw a reversal of sentiment with the implied probability of a recession rising. Slowing global growth and tighter monetary conditions appear to be the primary culprits, driving higher risk premiums and lower valuations across equity markets.

While we do not claim to have a crystal ball with respect to timing of future outcomes, we have believed in the potential for an equity correction of 10-20% within the framework of a growing global economy.

Finding ourselves in the midst of the sell-off, we are challenging our thesis to determine if this is simply a market correction or if the sell-off is an indicator that the economic cycle is nearing an end. The distinction is important, as a correction would lead us to "buy the dip" and return multi-asset portfolios to equity targets. In contrast, a view towards the end of the cycle would lead us to shift our asset allocation into a fixed income overweight.

In this assessment, our highest point of conviction is that the U.S. consumer remains in a very healthy position and is now supported by falling inflation and energy prices in addition to rising wages, falling debt levels and low unemployment rates. This is also important, as the U.S. consumer is the single largest component of global GDP and, on its own, larger than any other single country.[1] Despite the fact that lending rates are rising, real rates are significantly lower in the U.S. than they were in 2006, while the U.S. consumer is currently carrying lower debt levels and may therefore be able to manage through higher overnight interest rates.

Consumer risks appear greater in Canada; however, low unemployment rates should continue to provide support to the economy until the next downturn. The federal government also has a strong balance sheet, which can potentially provide stability to the economy when needed. In our opinion, the housing and energy sectors are areas of concern and weaken the fundamental outlook for Canada relative to the U.S. Our view on energy is that global prices will stabilize, while Canadian oil prices will start to find support later in 2019 as takeaway capacity comes online.

While the global economy outside of North America is stalling, valuations appear to be pricing in the bad news. Price-to-earnings ratios outside of the United States are in low double digits, which is attractive relative to history. Absent a global recession, modest earnings per share growth should create an attractive environment for foreign equities.

Our asset mix positioning retains an equity overweight versus the benchmark and we will look to buy back towards equity targets. While we do believe the global economy will stay out of a recession over the coming year, we have trimmed our equity overweight in response to growing risks. Trade tensions, earnings margins (particularly in the technology sector), commodity prices and non-U.S. PMIs all warrant monitoring for further signs of stress. Our bias will be towards U.S. and non-North American equities with benchmark targets to Canadian equities.

Despite forecasts for growth, we have held duration close to benchmarks within fixed income portfolios, as this economic cycle has shown yields can fall precipitously with deflation fears. We believe yields may have fallen further if not for supply and demand imbalances in the U.S. treasury market. In our view, forecasts looking at the yield curve for a recession are premature, as historically a broader inversion across the curve is required.

Given our outlook for low but positive economic growth, we believe that interest rates will likely trade between current levels and the peak in yields may be established in the summer of 2019. Portfolios that allow private commercial mortgage debt to replace corporate credit have performed very well, as corporate spreads have widened with the equity sell-off. Corporate bond valuations appear more attractive relative to history, but the negative backdrop of corporate indebtedness remains a concern.

Private real assets, such as real estate and infrastructure, have demonstrated their stabilizing benefits through the fourth quarter. Year to date, portfolios holding real estate and infrastructure have outperformed multi-asset programs that are only exposed to public equities and fixed income. We believe that market volatility will continue for the remainder of this cycle and investors should continue to right-size liquidity needs in order to optimize private market exposures.

[1] World Bank.

Asset Class Total Returns

Calendar Year						Q4-2018
2013	**2014**	**2015**	**2016**	**2017**	**2018**	**3-month**
Glo. Eq 35.2	Long Bonds 17.5	Glo. Eq 18.9	Cdn. Eq 21.1	EM Eq 28.3	Infrastructure 7.8	Mortgages 1.9
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 12.9	Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Infrastructure 10.1	Mortgages 2.4	Bonds 1.8
Real Estate 10.6	Cdn. Eq 10.6	Mortgages 4.0	Real Estate 6.1	Cdn. Eq 9.1	Bonds 1.4	Real Estate 1.4
EM Eq 3.9	Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Cash 1.4	Infrastructure 0.8
Mortgages 1.3	Real Estate 7.0	Bonds 3.5	Long Bonds 2.5	Long Bonds 7.0	Long Bonds 0.3	Cash 0.5
Cash 1.0	EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Glo. Eq -0.5	EM Eq -2.2
Bonds -1.2	Mortgages 6.0	Cash 0.6	Bonds 1.7	Mortgages 0.9	EM Eq -6.9	Glo. Eq -8.5
Long Bonds -6.2	Cash 0.9	Cdn. Eq -8.3	Cash 0.5	Cash 0.6	Cdn. Eq -8.9	Cdn. Eq -10.1
Market Portfolio[5]						
			4.9	10.4	-0.3	-4.0

Benchmarks

- S&P/TSX Composite Index
- MSCI World (Net)[1]
- MSCI Emerging Markets (Net)[1]
- Infrastructure[2]
- MSCI/REALpac Canada Annual Property Index - All[3]
- Custom Mortgage Benchmark[4]
- FTSE TMX Cda 91 day T-bill
- FTSE TMX Cda Universe
- FTSE TMX Cda LT Overall

Source: TD Greystone Asset Management, FactSet, Preqin. 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.

[1] MSCI, net of foreign dividend withholding taxes.

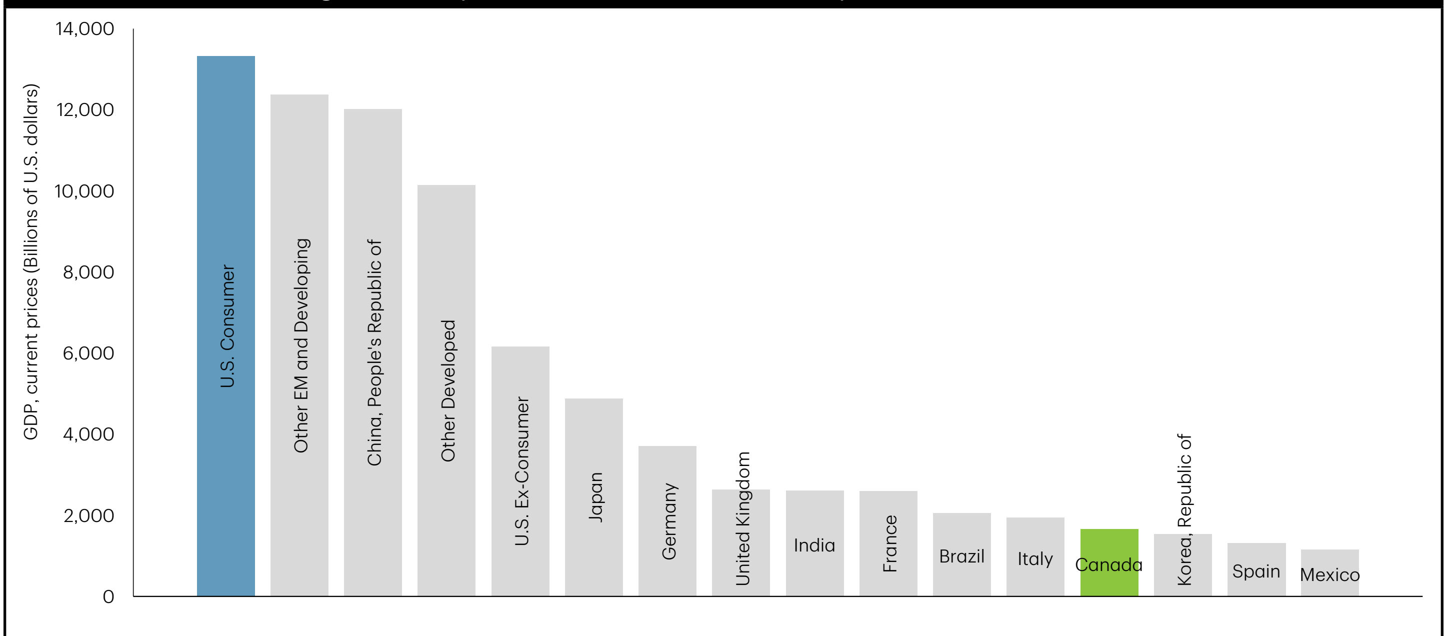
[2] Infrastructure returns are the Preqin Infrastructure Quarterly Index up to its most recent publication, Q2 2018 and are Greystone Infrastructure Fund (Canada) LP returns thereafter.

[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.

U.S. Consumer is Largest Component of Global Economy



Source: World Bank.

Canadian Short-Term

Headline inflation fell in Canada and around the world as lower commodity prices eased pressure on consumer prices. Canada witnessed headline inflation fall from 2.4% year over year in October to 1.7% in the November reading. Core inflation for Canada held near the Bank of Canada's ("BoC") long-term target at 1.9%.[1]

Lower energy prices and negative investor sentiment hurt the Canadian dollar versus the U.S. dollar with the exchange rate closing the year at 73 cents from a start of 80 cents.

In October, the BoC raised the overnight borrowing rate by a quarter percentage point to 1.75%, the fifth rate hike of this cycle.[2] In December, a slowing energy sector and global economy combined with global trade tensions to drive the BoC to hold rates. By year-end, OIS markets had only priced in a 21% chance for further rate hikes along with an almost equal probability of rate cuts through 2019.[3] With markets pricing in increasingly pessimistic outlooks, we believe that the balance of risks is towards more rate hikes than currently priced in by the market.

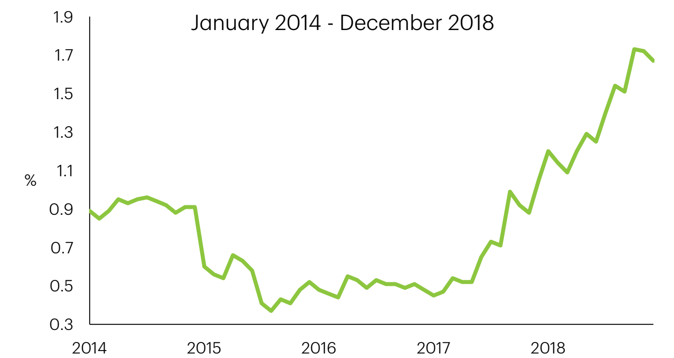
Global central banks continue down a path of policy normalization with balance sheet purchases declining and net asset purchases expected to turn negative in 2019. The effects of this quantitative tightening on fixed income, equities and on central bank monetary policy will be important to monitor.

The culmination of rate hikes helped money market returns achieve the highest calendar year level of the past decade. Money market portfolios can benefit further from divergence and yield enhancement found in bankers' acceptances, provincial T-bills and floating rate notes.

Watch For...

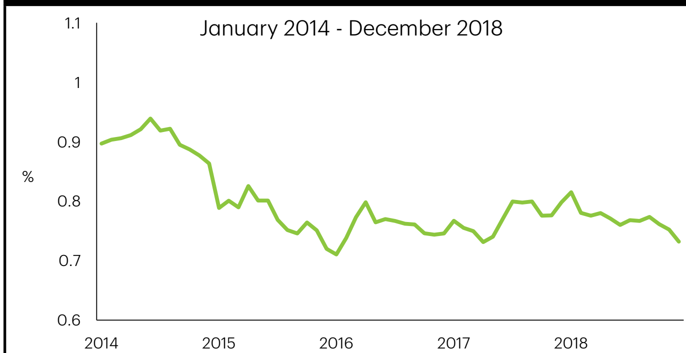
- The impact of global central bank net asset purchases turning negative
- Favourable money market yield opportunities above Government of Canada T-bills

Canada Govt Bonds 3 Month Bill



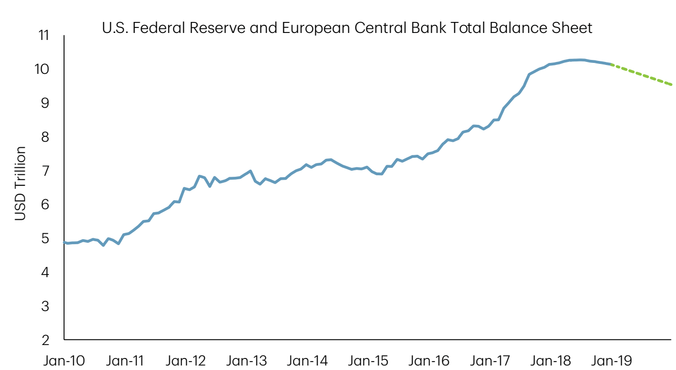
Source: Statistics Canada, FactSet.

Canadian Dollars to U.S. Dollars



Source: WM/Reuters, FactSet.

Central Banks Tapering



Source: Bloomberg Finance L.P.

[1] Bloomberg Finance L.P.
[2] Bank of Canada.
[3] Bloomberg Finance L.P.

Rates of Return Periods ended December 31, 2018 (Annualized Compound C$)

(%)	Q4-2018	1 Year	3 Years	5 Years	10 Years
FTSE TMX Canada 91 Day T-Bill Index	0.5	1.4	0.8	0.8	0.8

Canadian Bonds

The fourth quarter of 2018 provided a stress test of corporate bond exposures with spreads widening around the world. Canadian investment grade bonds underperformed Government of Canada ("GoC") bonds by almost 2% in the fourth quarter.[1] Credit returns outside of Canada exhibited more stress with global corporate bond spreads widening by a greater margin than Canadian corporates. Returns were worse for riskier credit sectors with global high yield losing 2.3%, and external emerging market debt losing 0.2% over the fourth quarter.[2]

We continue to believe that credit risk should be maintained near benchmark targets. While relative value appears more attractive, tighter monetary conditions and progression to later stages of the economic cycle will likely keep spreads from returning to low levels witnessed earlier in 2018. Corporate indebtedness also remains a concern; however, we believe this will manifest itself in the next global recession, which we do not foresee over the upcoming year.

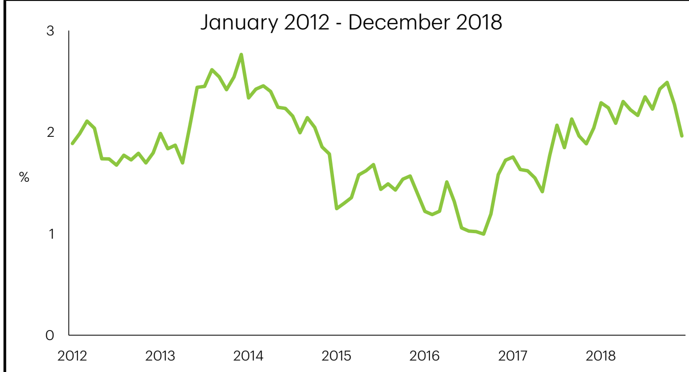
Tactically, we believe the fundamentals for bond investors are improving in many pipeline issuers despite recent underperformance. Spread levels in long pipelines can provide an attractive source of yield for investors. In addition, private commercial mortgage debt exhibited defensive characteristics last quarter and continues to provide attractive spreads.

Given our outlook for modest but positive economic growth, we do not believe that GoC bond yields below 2% are fundamentally valid at this stage of the economic cycle. While we believe yields will again move up before the next recession, we have witnessed precipitous interest rate declines in this cycle where deflationary/recessionary fears have gripped the market. This leads us to maintain duration close to benchmarks with an eye towards lower exposure as markets stabilize.

Watch For...

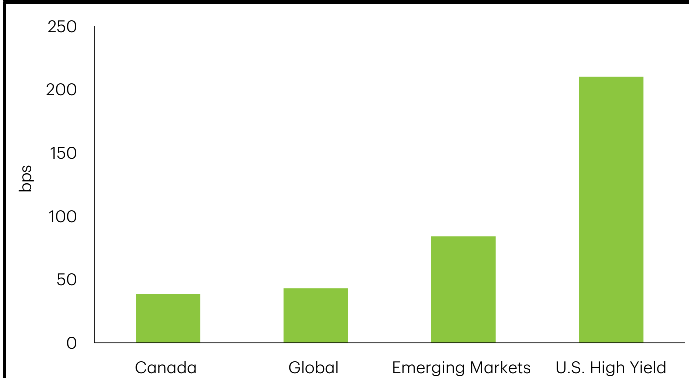
- North American bond yields to find a bottom if labour markets remain strong
- Outperformance from pipelines as the Canadian energy sector stabilizes

Canadian 10-Year Bond Yield



Source: Tullett Prebon Inofrmation, FactSet.

Quarterly Change in Corporate Spreads



Source: Bloomberg Financial L.P. Barclays.

[1] FTSE TMX Canada Universe Bond Index, FTSE TMX Canada All Corporate Bond Index.
[2] Bloomberg Finance L.P. Barclays Global High Yield Index, Bloomberg Finance L.P. Barclays EM USD Aggregate Index.

Rates of Return Periods ended December 31, 2018 (Annualized Compound C$)

(%)	Q4-2018	1 Year	3 Years	5 Years	10 Years
FTSE TMX Canada Universe Bond Index	1.8	1.4	1.9	3.5	4.2

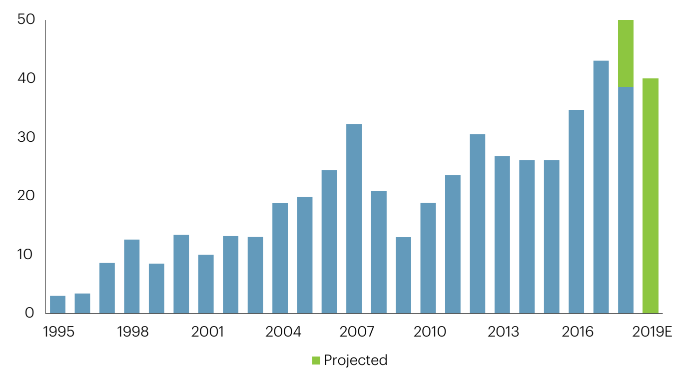
Commercial Mortgages

Supported by a strong real estate market, 2018 was an active year for the commercial mortgage market in Canada. Mortgage transaction activity remained strong throughout the year, with most of the lending landscape consisting of investment managers, pension funds and financial institutions, such as banks and insurance companies. Heightened demand for private debt assets helped to fuel investor appetite for direct commercial mortgages. Private debt provides investors with enhanced yields relative to publicly traded bonds given infrequent trading, complexity of access and lower levels of competing capital within the private debt market. The additional yield generated by private debt is referred to as a private premium or liquidity premium.

The active market resulted in commercial mortgage spread compression throughout the year with both five- and 10-year commercial mortgage spreads decreasing 15 basis points ("bps") to 140 bps and 150 bps, respectively. That said, commercial mortgage spreads are expected to widen in the beginning of 2019, following trends in the corporate bond market. We believe direct commercial mortgages provide a more diversified 'Plus' sector for fixed income investors when compared to global credit.

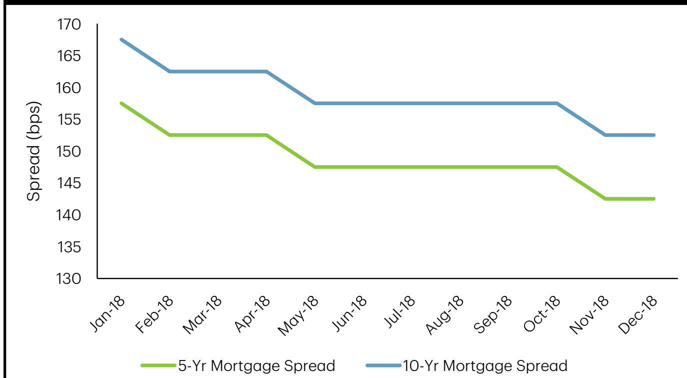
Five-year Government of Canada bond yields trended upwards slightly in 2018. Commercial mortgages, which tend to have a lower duration and are less sensitive to interest rates, typically add value to a fixed income portfolio in a rising interest rate environment. A low duration position also enables mortgage investment managers to respond to changes in the market in a timely manner and redeploy capital into segments of the market where the most accretive opportunities exist. Unlike more traditional fixed income instruments, commercial mortgages generate enhanced yields while maintaining a lower duration profile.

Canadian Direct Property Transaction Volumes ($B) (1995 to 2019E)



Source: Colliers, CBRE and RBC Capital Markets estimates.

Commercial Mortgage Spreads



Source: CMLS Limited. Dec 2018.

Watch For...

- Stronger performance from private bond plus strategies relative to public bond plus strategies
- Higher commercial mortgage spreads in the beginning of 2019, resulting in higher absolute yields for new originations

Rates of Return Periods ended December 31, 2018 (Annualized Compound C$)

(%)	Q4-2018	1 Year	3 Years	5 Years	10 Years
Greystone Mortgage Benchmark*	1.9	2.4	1.7	3.0	4.2

* FTSE TMX Cda Mid Term Overall 40% + FTSE TMX Cda Short Term Overall 60% + 50bps per annum.

International Equity

Stock markets around the world have come under pressure from a series of factors, ranging from the U.S.-China trade dispute to intensifying concerns of a synchronized global economic slowdown in the coming months. As a result, international markets were down to end the year. The weakness in international markets was widespread with only three of the 11 sectors posting positive returns during 2018. A sector rotation occurred mid-year as defensive sectors outperformed the cyclical sectors. While emerging markets performed better over the fourth quarter, they underperformed the MSCI EAFE benchmark over the past year. The strong U.S. dollar and trade disruption contributed to the weakness in emerging markets.

The European Central Bank decided at its December meeting to discontinue its asset purchase program as planned, though it indicated it was not unwinding assets but would re-invest maturing assets for an extended period of time. It viewed risks to European economic growth as tilted to the downside, citing geopolitical factors, threats of protectionism, emerging market weakness and increased market volatility. The Bank of Japan continues with its quantitative easing program and is the only developed market central bank expanding its balance sheet.

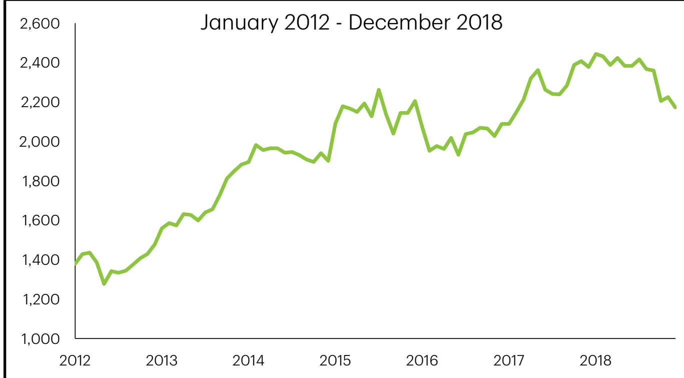
Brexit events continued to proliferate in the last quarter of 2018, with Prime Minister May surviving an attempted coup on leadership by receiving 63% of MP Conservative party support. The ultimate outcome is still unknown with key inflection points to continue; the next one is in mid-January, where the proposed hybrid customs deal between the U.K. and EU will be voted on by British parliament.

The recent weakness in international markets was driven by contraction in the price earnings ratio. Consensus estimates are for earnings growth to be moderately positive in 2019. While risks to the downside have clearly risen, we remain constructive on the growth outlook. However, we are moderating the overweight to the more cyclical sectors and investing in more defensive growth names.

Watch For...

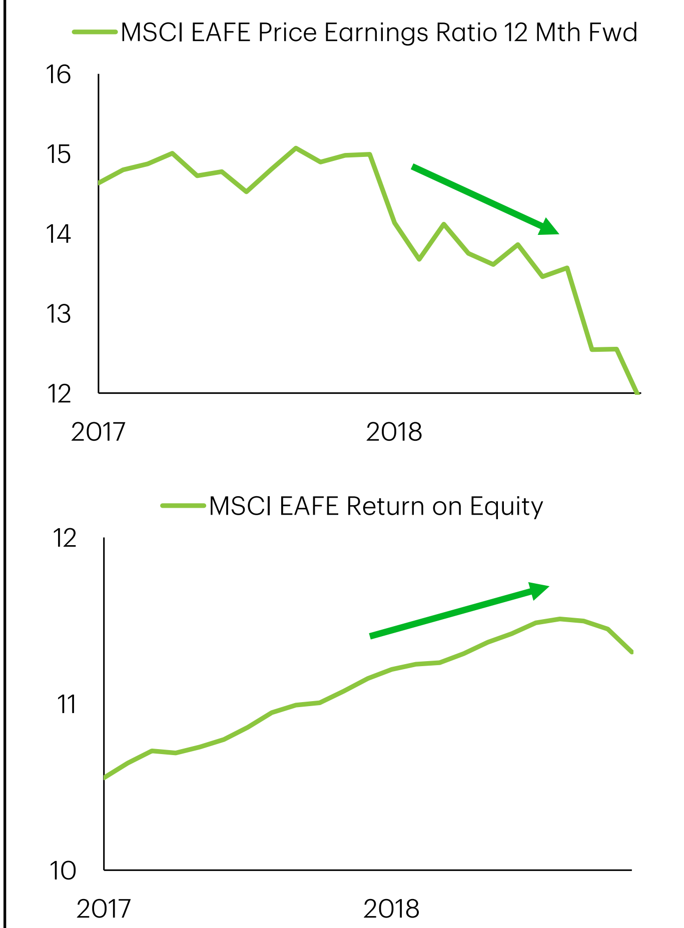
- Signs that profit margins have peaked
- China's stimulus measures to support growth

MSCI EAFE Index (Canadian Dollars)



Source: MSCI, FactSet.

Profitability held up reasonably well, given the market valuation correction during 2018



Source: MSCI, FactSet.

Rates of Return Periods ended December 31, 2018 (Annualized Compound C$)

(%)	Q4-2018	1 Year	3 Years	5 Years	10 Years
MSCI EAFE (Net) Index	-7.6	-6.0	2.3	5.7	7.4

U.S. Equity

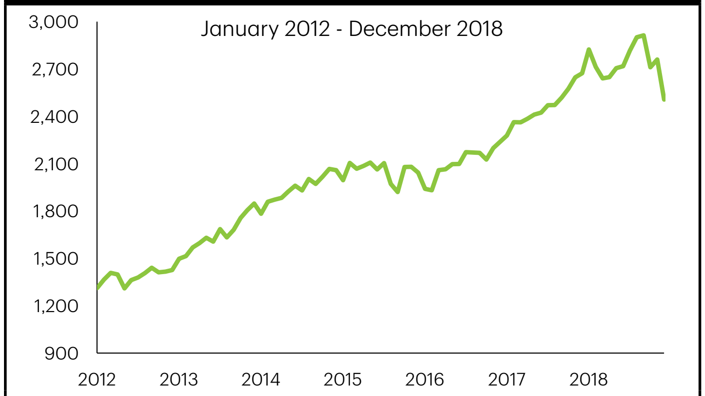
U.S. equities posted a negative return this quarter driven by continued trade and geopolitical tensions between the U.S. and China, a yield-curve inversion, as well as the impact of tightening liquidity conditions. Consensus estimates for 2018 S&P 500 earnings per share growth seem to have peaked in mid-November, and revisions for 2019 estimates, which are likely reflecting investor concerns, are on the decline.

The sell-off in 2018 was broad-based, with nine of the 11 sectors closing the year in negative price return territory. However, the deep cyclical sectors and those with relatively levered balance sheets fell the most in 2018 as shown in the chart below. High-quality stocks outperformed low-quality stocks by a wide margin as the market volatility increased throughout the year.

The fundamental corporate and economic backdrop are somewhat mixed. On one hand, concerns of corporate debt burdens may be somewhat misplaced as balance sheets for the most part remain flush with cash, the use of short-term debt is near historic lows, and the employment picture in the U.S. remains positive. On the other hand, there are recent signs that economic data in the U.S. is softening. Empire, Richmond and Philly Fed readings in December show a deceleration in trend, and the ISM Manufacturing Index also fell in December. However, consumer and business confidence have only declined modestly.

We will look to see if inventory growth has accelerated in anticipation of the approaching U.S.-Chinese tariffs deadline. The mixed backdrop suggests a higher-quality bias to portfolios, which favours companies with relative pricing power and balance sheet strength. The trailing P/E multiple of the S&P 500 contracted by 19% in the fourth quarter, which is the 14th biggest decline in the last 92 years. Historically — about 75% of the time — the market multiple has recovered in the next year when it has declined by a similar amount. Despite the recent sharp decline, the compound annualized return of the S&P 500 is still positive over the last two years.

S&P 500 Index (U.S. Dollars)



Source: S&P. Factset.

Watch For...

- Changes to business and consumer confidence or company commentary related to global trade
- Rising cost pressures such as wages, transportation and other input costs impacting operating margins
- Tightening/easing of monetary conditions by global central banks into 2019, and any subsequent impact that may have on the direction of the U.S. dollar trade

S&P 500 2018 Performance by Credit Rating

Source: S&P Global Inc.

Rates of Return Periods ended December 31, 2018 (Annualized Compound C$)

(%)	Q4-2018	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	-8.6	4.2	8.6	14.1	14.4

Canadian Equity

After posting all-time highs over the summer months, the S&P/TSX Composite ("TSX") did not escape equity market nervousness in the second half of the year. Trade wars and the prospect of higher interest rates just as global growth seems to be moderating, culminated into a violent sell-off in December. Only three out of every 10 stocks in the TSX managed to post a positive return in 2018, the lowest breadth since the financial crisis of 2008.

The two worst performing sectors also spent most of the year in the headlines: Energy and Health Care. Cannabis stocks (Health Care) experienced significant trading volume this year, mostly by retail investors. At the end of the third quarter, just prior to the legalization date, the small group of Cannabis stocks in the TSX were up close to 50% year to date. However, by the end of the year the group finished down close to 20%, highlighting the excessive volatility in this fledgling industry.

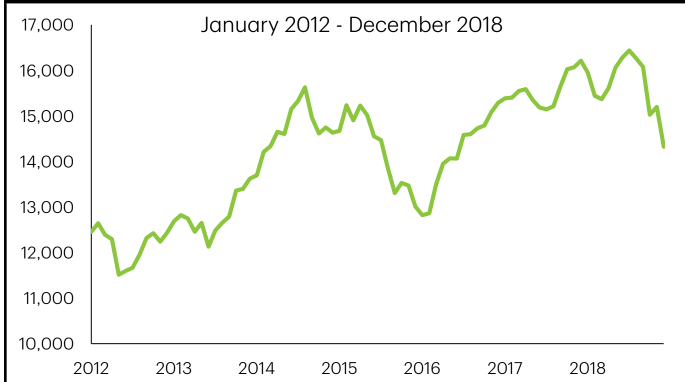
Canadian energy stocks have not been able to catch a break recently. Throughout most of the year, their main headwind was the issue of not enough pipelines, which led to a widening of the discount that Canadian oil prices experienced relative to benchmark U.S. oil prices. With global oil prices falling in the second half of the year, Canadian oil was selling close to US$20 per barrel in November. A move by the Alberta government early in December to enforce production cuts was seen as a positive move, albeit a temporary one. Canadian energy companies still need more access to pipelines if they are to have a better 2019.

Canadian banks were down 8% in 2018, outperforming their U.S. counterparts (down 16%) as a flatter yield curve put downward pressure on their profit margins. While Canadian economic conditions remain stable, the Canadian housing market will once again be closely watched for any signs of stress in the major cities and the knock-on effects it may have on bank stocks.

Watch For...

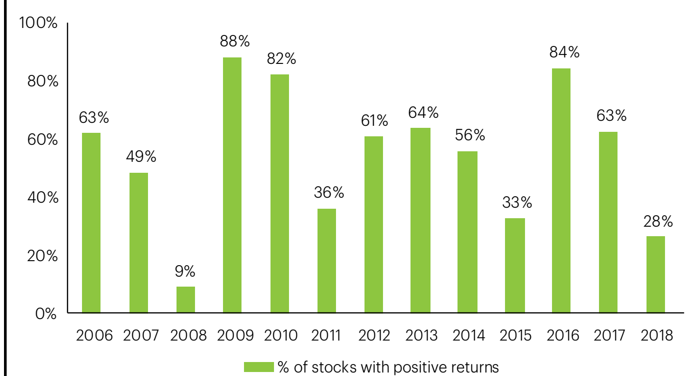
- Single-digit earnings growth for TSX as oil prices stabilize
- Potential slowing of interest rate hikes that may provide support to Canadian bank stocks

S&P/TSX Composite Index (Canadian Dollars)



Source: S&P, FactSet.

% of TSX Composite stocks with positive returns in 2018



Source: Bloomberg Finance L.P. Based on members at year end.

Rates of Return Periods ended December 31, 2018 (Annualized Compound C$)

(%)	Q4-2018	1 Year	3 Years	5 Years	10 Years
S&P/TSX Composite Index	-10.1	-8.9	6.4	4.1	7.9

Real Estate

With increased market and interest rate volatility in 2018, real estate investors are becoming more reticent. That being said, transaction activity in the Canadian market remains robust, and the outlook for commercial real estate in 2019 is fairly optimistic as market fundamentals remain relatively stable across all property types.

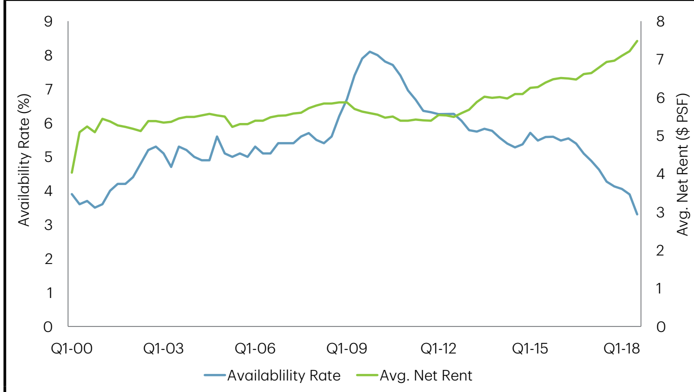
Strong leasing demand for urban office space is resulting in tight occupancies in downtown Vancouver, Toronto, Ottawa and Montreal, which have among the lowest vacancy rates in North America.[1] This is resulting in rising net asking rents and strong income growth potential for investors. The Canadian office market is benefitting from rapid growth within the technology sector, as technology companies represent the largest source of demand for office space in 2018. A stable political climate, a diverse technology labour pool, and attractive cost dynamics are key drivers leading to technology companies expanding in Canada.

The Canadian industrial availability rate has declined for nine consecutive quarters and is at 3.3% to end the third quarter of 2018.[2] E-commerce, distribution and warehousing are driving demand for industrial space in major cities across Canada. Moreover, the legalization of cannabis has already seen over 10 million square feet of leasing activity in 2018 and is expected to drive additional demand for industrial space going forward.[3]

Even as consumers continue to gravitate to online shopping, physical retail locations remain critical to any retailer strategy. Recent surveys show that opening a physical store can drive a brand's web traffic by as much as 37%, while closing a store reduces traffic to the website.[4] An omni-channel presence allows a retailer to have increased brand awareness, better connections with consumers and encourages in-store shopping, which is still considerably more profitable for retailers.

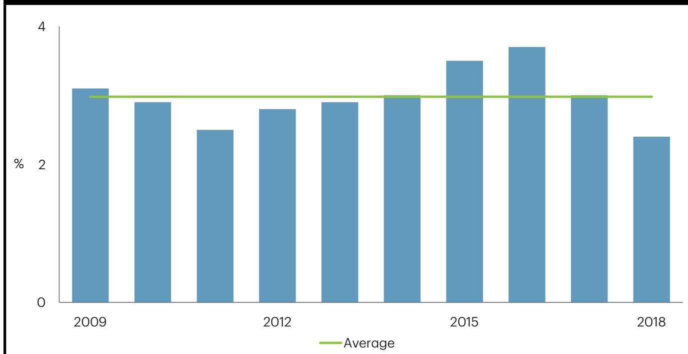
The multi-unit residential vacancy rate dropped for the second consecutive year to 2.4% in 2018, compared to 3.0% in 2017. The current vacancy rate is now below the 10-year historical average and tightening conditions led to rental rate growth of 3.4%.[5] Demand for purpose-built rentals continued to exceed supply due to increasing international migration, lower unemployment, and an aging population looking to downsize.

National Availability and Average Net Rent



Source: CBRE Limited.

National Vacancy Rate for Purpose Built Rentals



Source: CMHC.

Watch For...

- Active Canadian commercial real estate market in 2019 as investors search for yield
- Strong rental growth potential within office and industrial properties across major cities in Canada

[1] CBRE Limited
[2] Ibid.
[3] Altus Group.
[4] ICSC.
[5] CMHC.

Rates of Return Periods ended September 30, 2018 (Annualized Compound C$)

(%)	Q3-2018	1 Year	3 Years	5 Years	10 Years
MSCI/REALpac Canada Annual Property Index - All Assets*	1.5	7.9	7.3	7.6	8.0

* Most recently reported period.

Infrastructure

The recent market volatility highlights the importance of infrastructure in a multi-asset portfolio. Infrastructure offers an investment with low correlation to public equity and stable returns driven by long-term, predictable cash flows.

In the second half of 2018 over $50 billion was raised globally for private infrastructure funds, capping off the biggest year for fundraising to date at more than $80 billion.[1]

As capital continues to flow, the definition of infrastructure continues to broaden as investment managers seek new ways to deploy capital. One of the more recent debates is the choice of listed vs. private infrastructure.

When selecting an infrastructure investment, it's important to remember how it fits into your portfolio and what characteristics help in achieving your goals. Both listed and private infrastructure offer pros and cons.

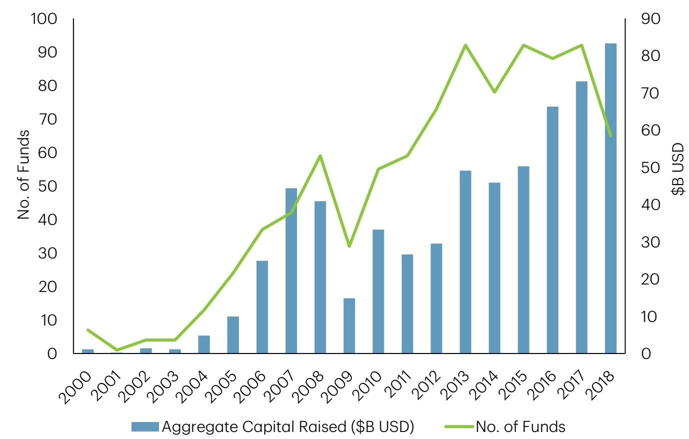
Private infrastructure investments offer a wide range of benefits including liquidity premiums, lower correlations than listed strategies with the broader market, direct ownership and more control over asset optimization and performance, and a longer-term focus than publicly listed infrastructure companies.

This longer-term focus is important for investors with a long investment horizon to ensure the assets are managed appropriately for their useful lives. Listed companies can be focused on short-term stock performance vs. the long-term performance of underlying assets. In addition, as private vehicles often have liquidity restrictions and attract longer term investors, these restrictions can lead to lower volatility.

One example of this would be the volatility experienced by listed infrastructure in 2018. Q3-YTD private infrastructure out performed listed infrastructure by a wide margin as increased volatility affected the public markets.[2]

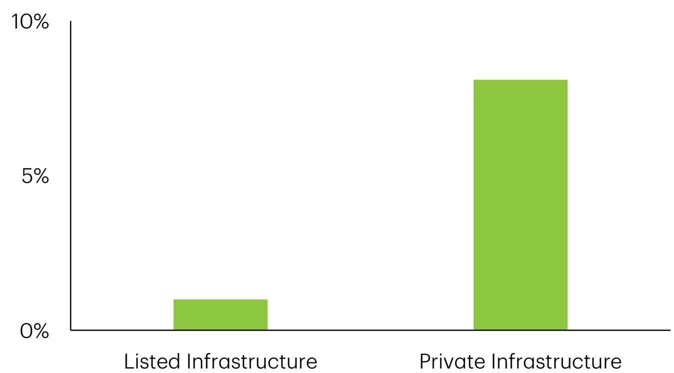
In our opinion infrastructure owned in a structure that promotes long term conservative investment decision making, by both the asset managers and the like-minded investors, creates a better solution for investors with a longer-term focus.

Infrastructure Fundraising



Source: Preqin.

Comparative Asset Performance (Q3 YTD)



Source: Listed Infrastructure – MSCI World Infrastructure Index, Private Infrastructure – MSCI Global Quarterly Infrastructure Asset Index.

Watch For...

- Heightened competition for the largest infrastructure assets as capital continues to aggregate to mega fund managers. 2019 is expected to be the biggest year yet for infrastructure capital raising, at over $100 billion, and will be dominated by a number of mega funds currently in market

[1] Preqin.
[2] MSCI.

Rates of Return Periods ended December 31, 2018 (Annualized Compound C$)

(%)	Q4-2018	1 Year	3 Years	5 Years	10 Years
Infrastructure Fund Benchmark (in US$)	2.0	8.0	8.0	n/a	n/a

* Infrastructure Fund Benchmark is an absolute gross return of 8% USD over a rolling four year period.

Asset Class Rates of Return

Annual Compound C$ (Periods Ending December 31, 2018)							
Total Returns (%)			**Annualized**				
Major Asset Class Indices & Greystone Pooled Funds*	**Q4-18**	**YTD**	**1 Year**	**2 Years**	**3 Years**	**4 Years**	**5 Years**
Balanced Funds							
Greystone Balanced Fund	-5.2	-1.5	-1.5	4.5	4.5	5.5	6.7
Balanced Benchmark[1]	-4.6	-1.6	-1.6	3.4	4.5	5.0	6.2
Greystone Balanced Plus Fund	-4.0	-0.3	-0.3	4.9	4.9	n/a	n/a
Balanced Plus Fund Benchmark[2]	-3.3	0.5	0.5	4.3	5.1	n/a	n/a
Fixed Income Funds							
Greystone Canadian Fixed Income Fund	1.7	1.5	1.5	2.2	2.2	2.4	3.5
FTSE TMX Canada Universe Bond	1.8	1.4	1.4	2.0	1.9	2.3	3.5
Greystone Long Bond Fund	1.6	0.3	0.3	3.7	3.5	3.6	6.1
FTSE TMX Canada Long Term Overall Bond	1.9	0.3	0.3	3.6	3.2	3.4	6.1
Greystone High Yield Fund	-2.1	1.1	1.1	2.6	5.6	4.2	4.2
High Yield Fund Benchmark[3]	-4.5	-2.8	-2.8	2.1	8.8	4.4	4.0
Greystone Real Return Bond Fund	-1.0	0.1	0.1	0.5	1.3	1.7	3.8
FTSE TMX Canada Real Return Bond	-1.1	0.0	0.0	0.3	1.2	1.6	3.8
Greystone Bond Plus Fund	2.0	2.3	2.3	2.9	2.8	2.9	n/a
FTSE TMX Canada Universe Bond	1.8	1.4	1.4	2.0	1.9	2.3	n/a
Greystone Corporate Bond Fund	0.7	1.5	1.5	2.9	3.3	3.1	3.9
FTSE TMX Canada All Corporate Bond	0.9	1.1	1.1	2.2	2.7	2.7	3.7
Greystone Short Bond Fund	1.4	2.1	2.1	1.4	1.4	n/a	n/a
FTSE TMX Canada Short Term Overall Bond	1.4	1.9	1.9	1.0	1.0	n/a	n/a
Greystone Short Bond Plus Fund	1.7	3.2	3.2	2.6	2.4	n/a	n/a
FTSE TMX Canada Short Term Overall Bond	1.4	1.9	1.9	1.0	1.0	n/a	n/a
Greystone Money Market Fund	0.5	1.6	1.6	1.2	1.0	1.0	1.0
FTSE TMX Canada 91 Day T-Bill	0.5	1.4	1.4	1.0	0.8	0.8	0.8

* Greystone Pooled Fund returns are calculated gross of investment management fees and includes administrative, trading and custodian expenses.
[1] Current benchmark is FTSE TMX Cda 91 Day T-Bill 3%, FTSE TMX Cda Universe Bond 37%, S&P/TSX Composite 20%, S&P 500 20%, MSCI EAFE (Net) 20%.
[2] Please refer to the Disclosures page for the benchmark details.
[3] Current High Yield Fund Benchmark: 50% ML US HY Master II Trust Hedge to CAD + 50% ML CAD and USD HY Canadian Issuers Hedge to CAD.

Annual Compound C$ (Periods Ending December 31, 2018)

Total Returns (%)			Annualized				
Major Asset Class Indices & Greystone Pooled Funds*	**Q4-18**	**YTD**	**1 Year**	**2 Years**	**3 Years**	**4 Years**	**5 Years**
Duration Funds							
Greystone 3 Year Duration Fund**	1.5	2.1	2.1	1.2	1.2	1.6	2.1
Greystone 8 Year Duration Fund**	2.6	1.9	1.9	2.3	2.2	2.8	4.6
Greystone 15 Year Duration Fund**	2.6	0.9	0.9	4.4	4.1	4.2	7.2
Greystone 20+ Year Duration Fund**	1.8	-2.0	-2.0	5.0	4.2	4.6	9.1
Canadian Equity Funds							
Greystone Canadian Equity Fund	-10.1	-8.8	-8.8	-0.7	3.3	0.9	3.0
S&P/TSX Composite	-10.1	-8.9	-8.9	-0.3	6.4	2.5	4.1
Greystone Canadian Equity Income & Growth Fund	-7.9	-7.9	-7.9	0.4	4.9	1.5	2.8
Canadian I&G Fund Benchmark[4] (Primary)	-8.4	-7.8	-7.8	0.3	6.8	2.9	4.6
S&P/TSX Composite (Secondary)	-10.1	-8.9	-8.9	-0.3	6.4	2.5	4.1
Greystone Canadian Equity Small Cap Fund	-20.5	-28.6	-28.6	-12.5	-1.1	-2.7	-3.0
S&P/TSX SmallCap	-14.4	-18.2	-18.2	-8.3	5.2	0.2	-0.3
U.S. Equity Funds							
Greystone U.S. Equity Fund	-8.4	6.8	6.8	13.1	10.8	14.1	16.0
Greystone U.S. Income & Growth Fund	-3.5	10.7	10.7	13.0	11.4	14.9	16.4
S&P 500	-8.6	4.2	4.2	8.9	8.6	11.7	14.1

* Greystone Pooled Fund returns are calculated gross of investment management fees and includes administrative, trading and custodian expenses.
** Name change effective January 1, 2018.
[4] Current Canadian I&G Fund Benchmark: S&P/TSX Capped Composite 80%, Communication Services 5%, Utilities 5%, Oil & Gas Storage & Transportation 5%, Equity Real Estate Investment Trusts 5%. Prior to April 1, 2014 the benchmark was S&P/TSX Capped Composite 70%, Financials 10%, Communication Services 10%, Utilities 10%.

Annual Compound C$ (Periods Ending December 31, 2018)

Total Returns (%)			Annualized				
Major Asset Class Indices & Greystone Pooled Funds*	**Q4-18**	**YTD**	**1 Year**	**2 Years**	**3 Years**	**4 Years**	**5 Years**
International Equity Funds[5]							
Greystone International Equity Fund	-9.6	-7.8	-7.8	6.1	3.2	8.2	8.2
MSCI EAFE (Net)	-7.6	-6.0	-6.0	4.8	2.3	6.2	5.7
Greystone International Income & Growth Fund	-4.9	-3.1	-3.1	8.3	3.8	8.7	7.2
International I&G Fund Benchmark[6] (Primary)	-7.6	-6.0	-6.0	4.8	2.3	4.9	5.0
MSCI EAFE (Net) (Secondary)	-7.6	-6.0	-6.0	4.8	2.3	6.2	5.7
Greystone China Income & Growth	-7.1	-14.7	-14.7	16.0	8.5	15.3	n/a
CSI 300 (Net)	-7.3	-21.2	-21.2	-1.3	-7.3	-0.6	n/a
Global Equity Funds[5]							
Greystone Global Equity Fund	-10.0	-0.1	-0.1	8.9	5.9	11.0	12.5
Greystone Global Income & Growth Fund	-4.8	2.2	2.2	10.2	7.6	11.2	11.2
MSCI World (Net)	-8.5	-0.5	-0.5	6.7	5.7	8.9	9.9
Real Estate and Mortgages							
Greystone Real Estate Fund Inc.	1.4	8.7	8.7	9.6	9.0	8.3	7.9
Greystone Real Estate LP Fund	0.5	5.4	5.4	7.1	6.5	n/a	n/a
Greystone Mortgage Fund	2.3	5.0	5.0	4.5	4.1	4.2	4.9
Mortgage Fund Benchmark[7]	1.9	2.4	2.4	1.7	1.7	2.3	3.0
Infrastructure							
Greystone Infrastructure Fund (Canada) LP**	6.5	14.0	14.0	11.3	17.2	28.6	n/a
Infrastructure Fund Benchmark[8]	7.7	17.7	17.7	9.0	7.4	12.5	n/a

* Greystone Pooled Fund returns are calculated gross of investment management fees and includes administrative, trading and custodian expenses.
** The Infrastructure fund is priced semi-annually at the end of June and December in US$, therefore returns are presented in US$. Interim valuations may be done as the result of special situations. Performance is calculated based on the last available price obtained from the semi-annual or interim valuation. Performance reflects the last semi-annual price or interim valuation. Master: The Master Fund is priced monthly in USD and includes any working capital within the Master Fund, as well as the current USD value of the most recent valuation of the underlying investments. Valuations of the investments held in the Master Fund are done semi-annually in the local currency of the investment. Interim valuations may be done as the result of special situations. At each monthly pricing period, the investment valuations are converted to USD at the rate in effect at the pricing date.
Feeder: The Feeder Funds are priced monthly in U.S. dollars and reported to clients in Canadian dollars and include working capital held within the Feeder Funds as well as the updated monthly value of the units held in the Master Fund. The value of the Feeder Funds' investment in the Master Fund is determined based on the updated monthly price of the Master Fund.
[5] International Equity and Global Equity funds and MSCI EAFE and World indices performance is net of foreign dividend withholding taxes.
[6] Current International I&G Fund Benchmark: MSCI EAFE (Net). From April 1, 2008 to September 30, 2015 the benchmark was MSCI EAFE High Dividend Yield (Net).
[7] Current Mortgage Fund Benchmark: FTSE TMX Canada Short Term Overall 60%, FTSE TMX Canada Mid Term Overall 40% + 0.5% per annum. From October 1, 2007 to September 30, 2009 the benchmark was FTSE TMX Canada Conventional Mortgage.
[8] Infrastructure Fund Benchmark is an absolute gross return of 8% USD over a rolling four year period plus currency effect.

Annual Compound C$ (Periods Ending December 31, 2018)

Total Returns (%)			Annualized				
Major Asset Class Indices & Greystone Pooled Funds*	**Q4-18**	**YTD**	**1 Year**	**2 Years**	**3 Years**	**4 Years**	**5 Years**
Target Date Funds							
Greystone Retirement Plus Fund	-1.6	2.4	2.4	5.0	4.7	6.0	n/a
Retirement Plus Benchmark[9]	-1.6	2.0	2.0	4.2	4.8	5.4	n/a
Greystone 2020 Target Date Plus Fund	-1.6	2.2	2.2	4.9	4.6	5.9	n/a
2020 Target Date Plus Benchmark[9]	-1.7	1.8	1.8	4.1	4.7	5.4	n/a
Greystone 2025 Target Date Plus Fund	-1.8	2.1	2.1	5.2	4.8	6.1	n/a
2025 Target Date Plus Benchmark[9]	-1.8	1.9	1.9	4.4	4.9	5.5	n/a
Greystone 2030 Target Date Plus Fund	-2.1	1.9	1.9	5.2	4.9	6.4	n/a
2030 Target Date Plus Benchmark[9]	-2.4	1.5	1.5	4.4	5.0	5.7	n/a
Greystone 2035 Target Date Plus Fund	-2.7	1.6	1.6	5.6	5.1	7.2	n/a
2035 Target Date Plus Benchmark[9]	-3.0	1.2	1.2	4.7	5.2	6.4	n/a
Greystone 2040 Target Date Plus Fund	-3.7	1.5	1.5	6.5	5.7	8.1	n/a
2040 Target Date Plus Benchmark[9]	-4.3	0.9	0.9	5.3	5.8	7.1	n/a
Greystone 2045 Target Date Plus Fund	-4.2	1.5	1.5	6.8	5.9	8.4	n/a
2045 Target Date Plus Benchmark[9]	-4.9	0.9	0.9	5.6	6.1	7.5	n/a
Greystone 2050 Target Date Plus Fund	-4.5	1.4	1.4	7.1	6.0	8.7	n/a
2050 Target Date Plus Benchmark[9]	-5.3	0.8	0.8	5.8	6.2	7.7	n/a
Greystone 2055 Target Date Plus Fund	-4.3	1.6	1.6	7.2	6.1	8.8	n/a
2055 Target Date Plus Benchmark[9]	-5.1	1.0	1.0	5.9	6.3	7.8	n/a

* Greystone Pooled Fund returns are calculated gross of investment management fees and includes administrative, trading and custodian expenses.
[9] Target Date Plus Fund benchmarks are determined on a quarterly basis based on the strategic asset mix for the subsequent quarter. Details regarding changes to the Target Date Funds benchmark compositions is available upon request.

Glossary of Terms

Absorption	**Absorption:** The rate at which available properties are sold in a specific real estate market in a given time period.
Bearish/Bullish	**Bearish:** A sentiment that the performance of the market, a specific security, or an industry will fall moving forward. **Bullish:** A sentiment that the performance of the market, a specific security, or an industry will rise moving forward.
BoC	**The Bank of Canada:** The Bank of Canada is the central bank of Canada. (Related terms - See central bank rate and monetary policy.)
BoE	**The Bank of England:** The Bank of England is the central bank of the United Kingdom. (Related terms - See central bank rate and monetary policy.)
BoJ	**The Bank of Japan:** The Bank of Japan is the central bank of Japan. (Related terms - See central bank rate and monetary policy.)
Bond market rally/sell-off	**Bond market rally:** A period of sustained increases in the price of bonds, typically following a period of flat or declining prices. **Bond market sell-off:** A period of increased selling of bonds, which leads to decreases in the price of bonds and yields increasing.
Bond yield curve	**Yield curve:** A line that plots the interest rates of bonds at a set point in time. The bonds have equal credit quality, but differing maturity dates. **Steepening of the yield curve:** An increase in the gap between the yields on short-term bonds and long-term bonds, which will make the curve appear steeper. **Flattening of the yield curve:** A decrease in the gap between the yields on short-term bonds and long-term bonds, which will make the curve appear flatter. **Inverted yield curve:** A situation in which a yield curve flattens to the point that short-term rates are higher than long-term rates. An inverted yield curve typically precedes a period of recession.
Bond yield	**Real yield:** An investment return that has been adjusted to account for inflation. **Nominal yield:** Also referred to as the nominal rate, coupon yield, or coupon rate; it is the interest rate that a bond issuer is obligated to pay to the bond purchaser. This rate is fixed and applies to the life of the bond. **Back-up in bond yields:** A term for the movement in bond yields which makes bonds more expensive to issue. A back-up is characterized by an increase in bond yields and a decrease in price.
bps	**Basis points:** One hundredth of one percent, used for describing small changes in figures such as interest rates.
Brownfield	**Brownfield: An infrastructure asset that is fully operational.**
Cap rate	**Capitalization rate:** A rate of return on a real estate investment property based on the expected income that the property will generate.
CBRE Limited	**CBRE Limited:** A Fortune 500 and S&P 500 company headquartered in Los Angeles that is the world's largest commercial real estate services firm. CBRE Limited offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting.

Central bank rate – in U.S. Fed Funds rate, in Canada Overnight rate	**Central bank rate:** The rate of interest the central bank charges on the loans and advances to a commercial bank. **Federal funds rate:** The interest rate at which a depository institution lends funds maintained at the U.S. Federal Reserve to another depository institution overnight. The federal funds rate is generally only applicable to the most creditworthy institutions. **Overnight rate:** The interest rate at which a depository institution lends funds to another depository institution (short term) or the interest rate the central bank charges a financial institution to borrow money overnight. The overnight rate is the lowest available interest rate and, as such, it is only available to the most creditworthy institutions.
China's City Tier System	**First Tier cities:** Refers to China's "Big Four" cities: Beijing, Shanghai, Shenzhen, and Guangzhou **Second Tier cities:** Refers to capital cities of each province or coastal cities such as Tianjin, Chongqing, Chengdu, Wuhan, Xiamen; cities tend to be located primarily in Central China **Third Tier cities:** Refers to mid-tier cities from more developed provinces and some cities within less developed provinces (mostly in central or western China); cities tend to lag behind first and second tier cities in terms of economic growth and development, although many of them are still considered to be very significant economically and historically **Fourth Tier cities:** Refers to less developed cities from more developed provinces and more developed cities from less developed provinces; cities tend to represent the majority of China's urban population and combined income
Class A Office	**Class A Office:** The most prestigious commercial real estate buildings competing for premier office users with rents above average for the area.
CMHC	**Canadian Mortgage and Housing Corporation:** A Crown corporation of the Government of Canada, through the 1944 National Housing Act.
CMLS Financial	**CMLS Financial:** One of Canada's largest independently owned mortgage companies, providing a wide range of commercial lending services, residential mortgages, and institutional services.
CMBS	**Commercial mortgage-back securities:** A type of fixed-income security that is collateralized by commercial real estate loans.
Commercial mortgage	**Commercial mortgage:** A mortgage loan that is secured by commercial property.
Commercial real estate	**Commercial real estate:** Property that is used solely for business purposes, usually classified into the following categories: office, retail, industrial, multi-family, land and miscellaneous.
Consensus expectations	**Consensus expectations:** A figure or prediction based on the combined estimates of the analysts covering a specific company, marketing or economic event. Common consensus expectations include earnings per share and gross domestic product.
Contagion	**Contagion:** A situation where a shock in a particular economy or region spreads out and affects others. Contagion can cause economic crises or booms at a global level.
CRB Index	**Commodity Research Bureau Index:** An index that measures the overall direction of commodity sectors. The CRB was designed to isolate and reveal the directional movement of prices in overall commodity trades.
Credit risk	**Credit risk:** The risk that a borrower will default on any type of debt by failing to make required payments.

Credit spread	**Corporate credit spread:** The difference in yield of investment grade corporate bond relative to a risk-free rate, usually measured in basis points (bps) **High yield credit spread:** The difference in yield of non-investment grade corporate bond relative to a risk-free rate, usually measured in basis points (bps) **Option Adjusted Spread (OAS):** The difference in yield of a corporate bond relative to a risk-free rate, which is adjusted to take into account an embedded option, usually measured in basis points (bps)
Cyclical/Defensive sectors	**Cyclical sectors:** Sectors where performance will rise and fall with the stages of the business cycle. These sectors tend to perform well when the economy is in expansion, and poorly when the economy is in recession. Cyclical sectors include: Materials, Technology, and Industrials. **Defensive sectors:** Sectors that remain stable during various stages of the business cycle. These sectors tend to perform better than the market during recessions and worse than the market during expansions. Defensive sectors include: Telecom, Utilities, and Consumer Staples.
DJIA	**The Dow Jones Industrial Average:** The DJIA is a price-weighted average of 30 significant stocks traded on the NYSE and the NASDAQ.
Dovish/Hawkish	**Dovish:** A sentiment that generally favours low interest rates in order to encourage growth within an economy. **Hawkish:** A sentiment that generally favours relatively high interest rates in order to keep inflation in check. (Related term - See Monetary Policy.)
Duration	**Duration:** Degree of sensitivity of the market value of a fixed income instrument (e.g. mortgage, bond) to changes in interest rates.
Earnings	**Analysts' earnings estimates:** An estimate for a company's future quarterly or annual earnings. Used in company valuation. **Earnings per share (EPS):** The portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability.
ECB	**The European Central Bank:** The central bank of the European Union. (Related terms - See central bank rate and monetary policy.)
EU	**The European Union:** A group of European countries that participates in the world economy as one economic unit and operates under one official currency, the euro.
Emerging markets	**Emerging markets:** A nation's economy that is progressing towards becoming advanced, as shown by some liquidity in local debt and equity markets and the existence of some form of market exchange and regulatory body.
Expansion/Recession	**Expansion:** A period when business activity surges and gross domestic product expands until it reaches its peak. **Recession:** A period of significant decline in activity across the economy, lasting longer than a few months.
Fed	**U.S. Federal Reserve:** The central bank of the United States. (Related terms - See central bank rate and monetary policy.)
Flight to quality	**Flight to quality:** The action of investors moving their capital away from riskier investments to the safest possible investment vehicles.
FOMC	**The Federal Open Market Committee:** The branch of the Federal Reserve Board that determines the direction of monetary policy.

G8	**The Group of Eight:** The G8 refers to the group of eight highly industrialized nations that hold annual meetings to foster consensus of global issues. Members: France, Germany, Italy, U.K., Japan, U.S., Canada, and Russia.
GDP	**Real gross domestic product:** A macroeconomic measure of the value of economic output adjusted for inflation/deflation. **Nominal gross domestic product:** A macroeconomic measure of the value of economic output at current market prices.
GoC bond yield	**Government of Canada bond yield:** The amount of return an investor will realize on a Government of Canada bond.
Greenfield	**Greenfield:** An infrastructure asset under development (prior to being operational).
GTA	**Greater Toronto Area:** The city of Toronto and the four regional municipalities that surround it: Durham, Halton, Peel, and York.
Hard/Soft landing	**Hard landing:** An economic state wherein the economy is slowing down sharply or is tipped into outright recession after a period of rapid growth. **Soft landing:** A term used to describe a rate of growth high enough to avoid recession, but slow enough to avoid high inflation.
Headwind/Tailwind	**Headwind:** A condition or situation that will make growth more difficult. **Tailwind:** A condition or situation that will help move growth higher.
High beta stocks/low beta stocks	**High beta stocks:** A stock with a market beta of greater than one, meaning that the security will be more volatile than the market. **Low beta stocks:** A stock with a market beta of less than one meaning that the security will be less volatile that the market.
IMF	**International Monetary Fund:** The IMF is an international organization created for the purpose of promoting global monetary and exchange stability, facilitating the growth of international trade, and assisting in the establishment of multilateral system of payments for current transactions.
Inflation/Deflation	**Inflation:** A general increase in prices and fall in the purchasing value of money. **Core inflation:** A measure of inflation that excludes items that face volatile price movements, such as energy and food products. **Headline inflation:** The raw inflation figure as reported through the Consumer Price Index. **CPI:** The Consumer Price Index is a measure that examines the weighted average of prices of a basket of consumer goods and services such as transportation, food, and medical care. **Core PCE:** Core Personal Consumption Expenditures is a measure in the change of price of consumer goods and series excluding food and energy prices. **Deflation:** The reduction of the general level of prices in an economy.
Leasing activity	**Leasing activity:** Refers to both the expiry of existing leases and the new leases signed at a property.
LIBOR	**London Interbank Offered Rate:** A benchmark rate that some of the world's leading banks charge each other for short-term loans.
Market correction/ Market pullback	**Market correction:** A reverse movement, usually negative of at least 10% in a stock, bond, commodity, or index to adjust for an overvaluation. **Market pullback:** A falling back of a price from its peak. This price movement might be seen as a brief reversal of the prevailing upward trend.

Margin Pressure	**Margin Pressure:** A term for the effect of certain internal or market forces on a company's operating, gross or net margins.
Market valuation	**Market valuation:** The process of determining the current worth of the overall market. **Market price-to-earnings (P/E) ratio:** A market valuation technique that divides the total value of all the market's constituents by their combined earnings. The resulting ratio gives insight into whether the market may be over or under priced. **Cheap market valuation:** A statement about the pricing of financial assets within a market. Cheap would imply a market P/E ratio lower that it has historically been, meaning that investors are paying less for each dollar of earnings than in the past. **Expensive market valuation:** A statement about the pricing of financial assets within a market. Expensive would imply a market P/E ratio higher than it has historically been, meaning that investors are paying more for each dollar of earnings than in the past.
Monetary policy	**Monetary policy:** Monetary policy is used by a central bank of a country to control the circulation and value of a nation's currency. **Quantitative easing:** A monetary policy in which a central bank purchases government or other securities from the market in order to lower interest rates and increase the money supply. **Quantitative tightening:** Tight monetary policy is a course of action undertaken by a central bank to constrict spending in an economy that is seen to be growing too fast, or to curb inflation when it is rising too quickly.
MSCI/REALpac Canada Property Index – All Assets	**MSCI/REALpac Canada Property Index – All Assets:** The most common benchmark for Canadian real estate funds.
MSCI EAFE Index	**The MSCI EAFE Index:** A stock market index designed to measure the equity market performance of developed markets outside of the U.S. and Canada. The acronym stands for Europe, Australasia and Far East.
MSCI World Index	**The MSCI World Index:** A stock market index of over 1,600 global stocks, it is commonly used as a benchmark for world or global stock funds.
Multiples	**Multiples:** A term for a measure of some aspect of a company's financial position, determined by dividing one metric by another metric.
New construction	**New construction:** Construction of entirely new structures and/or significant extensions to existing structures whether or not the site was previously occupied.
OECD	**Organisation for Economic Cooperation and Development:** OECD is a group of 30 democratic countries that support free market economies; they discuss and develop economic and social policy.
Oil price	**Brent Oil:** A major trading classification of sweet light crude oil, which serves as a major benchmark price of oil worldwide. **Western Canadian Select (WCS):** One of North America's largest heavy crude oil streams used as a benchmark for emerging heavy, high acidic crudes. **West Texas Intermediate Oil (WTI):** WTI, also known as Texas light sweet, is a grade of oil used as a benchmark in oil pricing.
OPEC	**Organization of the Petroleum Exporting Countries:** OPEC is a cartel that aims to manage the supply of oil in an effort to set the price of oil on the world market, with the hopes of avoiding fluctuations that may affect both oil purchasing and producing economies.
P/E Ratio	**Price-to-earnings ratio:** A valuation ratio of a company's current share price compared to its per-share earnings. (Related term - See market valuation.)

PBOC	**The People's Bank of China:** The central bank of the People's Republic of China. (Related terms - See central bank rate and monetary policy.)
Purpose-built rental properties	**Purpose-built rental properties:** Multi-unit residential properties constructed for the purpose of renting out the units in the rental housing market; these properties include apartment buildings.
REITS	**Real Estate Investment Trust:** A security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages.
Rental rate	**Rental rate:** A periodic charge per unit for the use of a property; the period may be a month, quarter or year.
Risk-on/Risk-off	**Risk-on/Risk-off:** An investment setting in which price behavior responds to, and is driven by, changes in investor risk tolerance. Risk-on/Risk-off refers to changes in investment activity in response to global economic patterns. A risk-on situation occurs during a period of low perceived financial risk, thus encouraging investors to take on risk. A risk-off situation occurs during periods of high perceived financial risk, thus encouraging investors to reduce risk.
S&P 500 Index	**The S&P 500 Index:** The S&P 500 is an American stock market index made up of the 500 largest companies by market capitalization, listed on the NYSE and NASDAQ.
S&P/TSX Index	**The S&P/TSX Index:** An index of the stock prices of the largest companies on the Toronto Stock Exchange.
Sovereign credit risk	**Sovereign credit risk:** The credit rating of a country or sovereign entity. This rating provides insight into the level of risk associated with a particular country.
Stock market volatility	**Stock market volatility:** The vigorous fluctuation of share prices within the stock market.
TMX FTSE 91-day Treasury Bills	**TMX FTSE 91-day Treasury Bills:** A benchmark used to track the performance of Government of Canada Treasury Bills.
TMX FTSE Canada Bond Universe	**TMX FTSE Canada Bond Universe:** A benchmark which is designed to track the performance of the Canadian bond market.
Top-line revenue growth	**Top-line Revenue Growth:** A reference to the growth in the gross sales or revenues of a company.
Vacancy rates	**Vacancy rate:** A numerical value calculated as the percentage of all available units in a rental property that are vacant or unoccupied at a particular time.
World Bank	**World Bank:** The World Bank is a United Nations international financial institution that provides loans to developing countries for capital programs.

Disclosures

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Figures shown in this report are in Canadian dollars except as noted, and may be subject to rounding error. Returns are gross of investment management fees.

Greystone claims compliance with the Global Investment Performance Standards (GIPS®). A GIPS® compliant presentation is available upon request. Greystone has been independently verified for the period January 1, 2000 to December 31, 2017. The verification report(s) is/are available upon request. Verification assesses 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.

Indices & Benchmarks

Current benchmark weights and indexes are noted on each asset class page. Benchmark returns reflect any index and weighting changes made since inception. Index returns include reinvestment of dividends, if applicable, but not the deduction of any fees or expenses, which would reduce returns.

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Current Balanced Fund benchmark: FTSE TMX Canada 91 Day T-Bill 3%, FTSE TMX Canada Universe Bond 37%, S&P/TSX Composite 20%, S&P 500 20%, MSCI EAFE (Net) 20%. History:

- Apr 2014 – Sep 2018: FTSE TMX Canada 91 Day T-Bill 3%, FTSE TMX Canada Universe Bond 37%, S&P/TSX Composite 24%, S&P 500 18%, MSCI EAFE (Net) 18%.
- Nov 2003 - Mar 2014: FTSE TMX Canada 91 Day T-Bill 3%, FTSE TMX Canada Universe Bond 37%, S&P/TSX Composite 35%, S&P 500 12.5%, MSCI EAFE (Net) 12.5%.
- Jan 2001 - Oct 2003: FTSE TMX Canada 91 Day T-Bill 3%, FTSE TMX Canada Universe Bond 37%, CPMS Cap 10 35%, S&P 500 12.5%, MSCI EAFE (Net) 12.5%.
- Apr 2000 - Dec 2000: FTSE TMX Canada 91 Day T-Bill 3%, FTSE TMX Canada Universe Bond 37%, CPMS Cap 10 40%, S&P 500 10%, MSCI EAFE (Net) 10%.
- Oct 1999 - Mar 2000: FTSE TMX Canada 91 Day T-Bill 5%, FTSE TMX Canada Universe Bond 40%, CPMS Cap 10 40%, S&P 500 7.5%, MSCI EAFE (Net) 7.5%.
- Jan 1997 - Sep 1999: FTSE TMX Canada 91 Day T-Bill 5%, FTSE TMX Canada Universe Bond 40%, S&P/TSX Composite 40%, S&P 500 7.5%, MSCI EAFE (Net) 7.5%.
- Jan 1996 - Dec 1996: FTSE TMX Canada Universe Bond 50%, S&P/TSX Composite 50%.

Current Balanced Plus Fund benchmark: FTSE TMX Cda Universe 22.9%, Custom Mortgage Index 8%, S&P/TSX Composite 17.5%, S&P 500 11.3%, MSCI EAFE (Net) 11.3%, MSCI World (Net) 11.3%, MSCI/REALpac Canada Annual Property Index - All Assets 10%, Custom Infrastructure Index 7.7%. Details regarding changes to the Balanced Plus Fund benchmark compositions is available upon request.

MSCI/REALpac returns are not immediately available at quarter-end; therefore, the prior quarter's index return is used in this report.

The Infrastructure fund is priced semi-annually at the end of June and December in U.S. dollars. Interim valuations may be done as the result of special situations. Performance is calculated based on the last available price obtained from the semi-annual or interim valuation and daily FX movement.

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