



Multi-Asset Market Monitor

January 2019 Market Commentary

Equities	Private Markets	Fixed Income
<p>Equities rebounded in January following a dismal December and posted positive returns across the globe. The S&P 500 witnessed its best January in local currency since 1987¹ as investor optimism rose with the expectation of a U.S.-China trade deal, increasingly dovish central banks and a strong start to the fourth-quarter earnings season. Canada, as measured by the S&P/TSX Composite, managed to outperform all developed markets with oil prices appreciating by more than 17%² during the month. U.S. and international equities returned 3.9%³ and 2.5%⁴ in Canadian dollar terms, respectively.</p>	<p>Private market returns were positive in January with global infrastructure leading the way. The asset class continues to witness a steady inflow from institutional investors. Strong demand for downtown office and industrial real estate continues to drive the positive performance for commercial real estate. Mortgages underperformed universe bonds as the lagged effects of wider spreads resulted in higher yields.</p>	<p>The Canadian universe bond index posted positive returns in January. Bond yields fell across the curve due to dovish comments by the Bank of Canada, which caused market participants to price fewer anticipated rate hikes. The yield curve flattened, with the 2-year Government of Canada ("GoC") yields falling 9 basis points ("bps") and 30-year GoC yields decreasing by 5 bps.⁵ Corporate bonds responded positively after a poor ending to 2018 with spreads narrowing over the month amid the positive tone for risk markets.</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	Real Estate 7.8	Cdn. Eq 8.7	S&P/TSX Composite Index	
Cdn. Eq 13.0	Glo. Eq 14.4	Infrastructure 11.5	Infrastructure 8.6	Glo. Eq 14.4	Infrastructure 7.8	EM Eq 4.8	MSCI World (Net) ⁶	
Infrastructure 12.9	Infrastructure 10.6	Real Estate 7.8	EM Eq 7.3	Infrastructure 10.1	Mortgages 2.4	Glo. Eq 3.6	MSCI Emerging Markets (Net) ⁶	
Real Estate 10.6	Cdn. Eq 10.6	Mortgages 4.0	Real Estate 6.1	Cdn. Eq 9.1	Bonds 1.4	Long Bonds 2.2	Infrastructure ⁷	
EM Eq 3.9	Bonds 8.8	Long Bonds 3.8	Glo. Eq 3.8	Real Estate 7.2	Cash 1.4	Bonds 1.3	MSCI/REALpac Canada Annual Property Index - All ⁸	
Mortgages 1.3	Real Estate 7.0	Bonds 3.5	Long Bonds 2.5	Long Bonds 7.0	Long Bonds 0.3	Infrastructure 1.0	Custom Mortgage Benchmark ⁹	
Cash 1.0	EM Eq 6.6	EM Eq 2.0	Mortgages 1.8	Bonds 2.5	Glo. Eq -0.5	Mortgages 1.0	FTSE TMX Cda 91 day T-bill	
Bonds -1.2	Mortgages 6.0	Cash 0.6	Bonds 1.7	Mortgages 0.9	EM Eq -6.9	Cash 0.1	FTSE TMX Cda Universe	
Long Bonds -6.2	Cash 0.9	Cdn. Eq -8.3	Cash 0.5	Cash 0.6	Cdn. Eq -8.9	Real Estate 0.1	FTSE TMX Cda LT Overall	
Market Portfolio⁵								
			4.9	10.4	-0.3	2.8		

Source: TD Greystone Asset Management, FactSet, Preqin. As at January 31, 2019. 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 Morningstar.

² Ibid.

³ S&P 500.

⁴ MSCI EAFE.

⁵ Ibid.

⁶ MSCI, net of foreign dividend withholding taxes.

⁷ 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.

⁸ Real estate returns are the MSCI/REALpac Canada Annual Property Index - All Assets up to its most recent publication, Q4 2018 and are Greystone Real Estate Fund Inc. returns thereafter.

⁹ Custom Mortgage Benchmark: FTSE TMX Cda Short Term Overall 60%, FTSE TMX Cda Mid Term Overall 40% + 0.5% per annum.

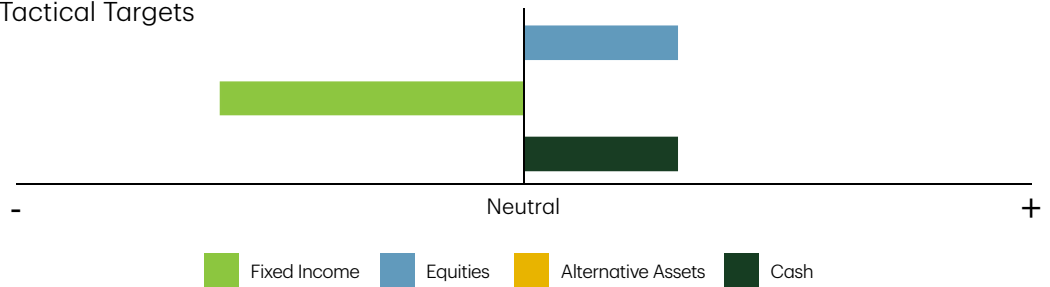
⁵ The Market Portfolio is the Greystone Balanced Plus fund.

Multi-Asset Positioning

Asset Strategy

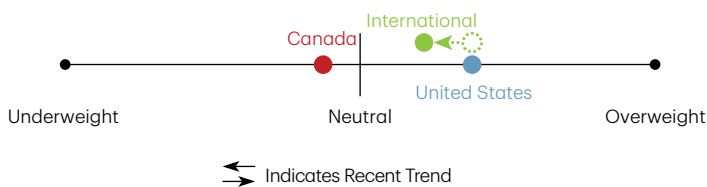


Tactical Targets



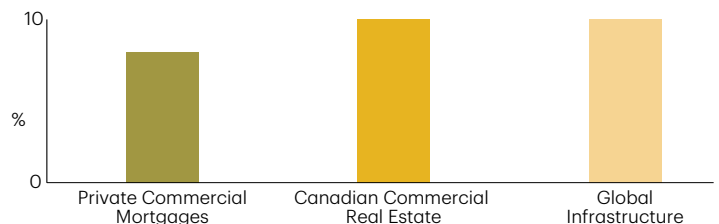
Equities

Regional Bias



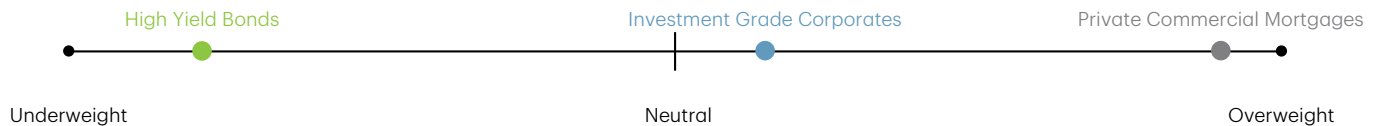
Alternatives

Strategic Targets

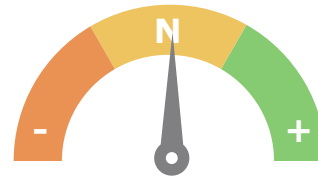


Fixed Income

Credit Targets



Interest Rate Exposure



Credit Risk

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.