

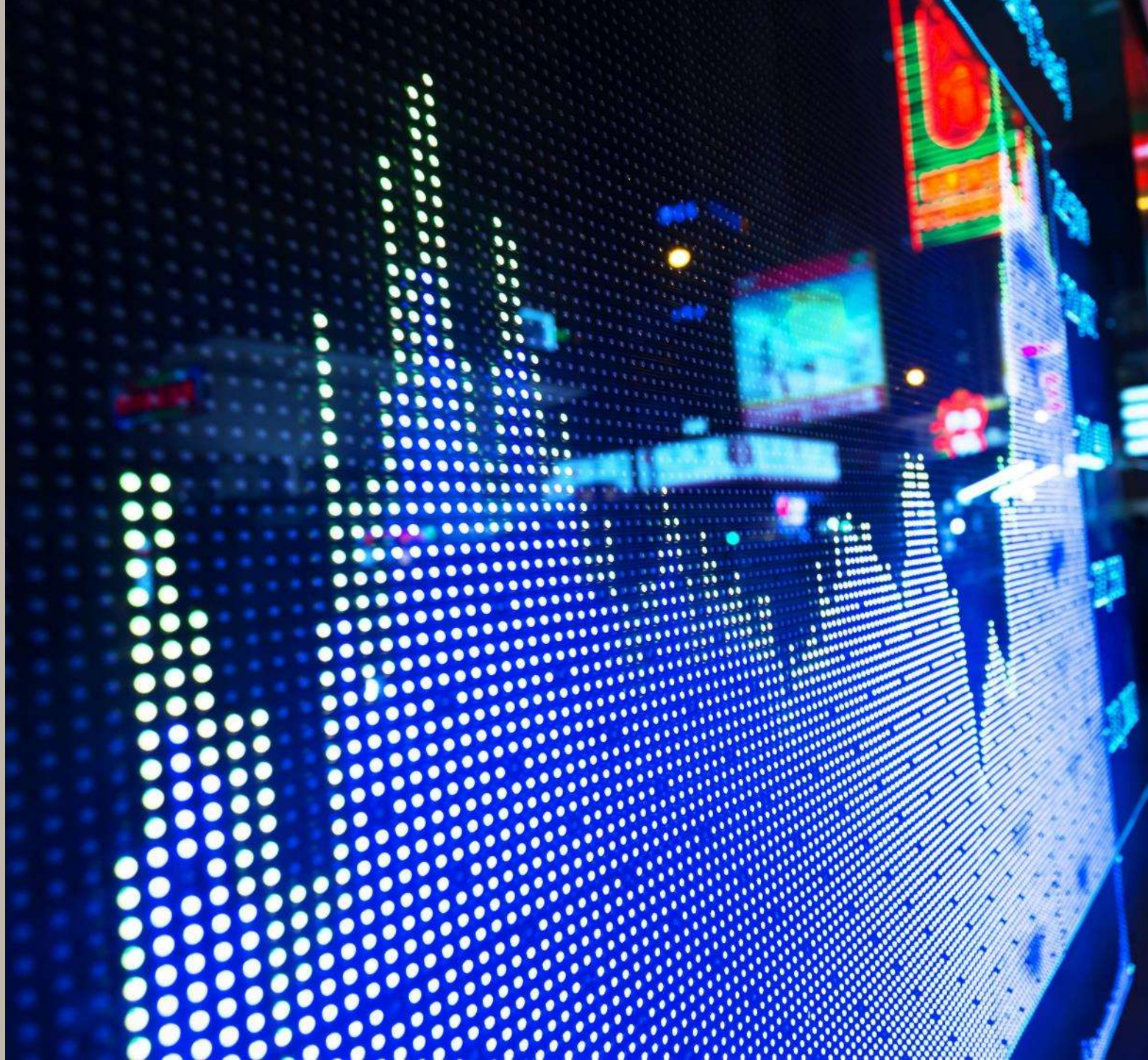
THE POWER OF DISCIPLINED INVESTING®

Financial Executives International Regina Chapter

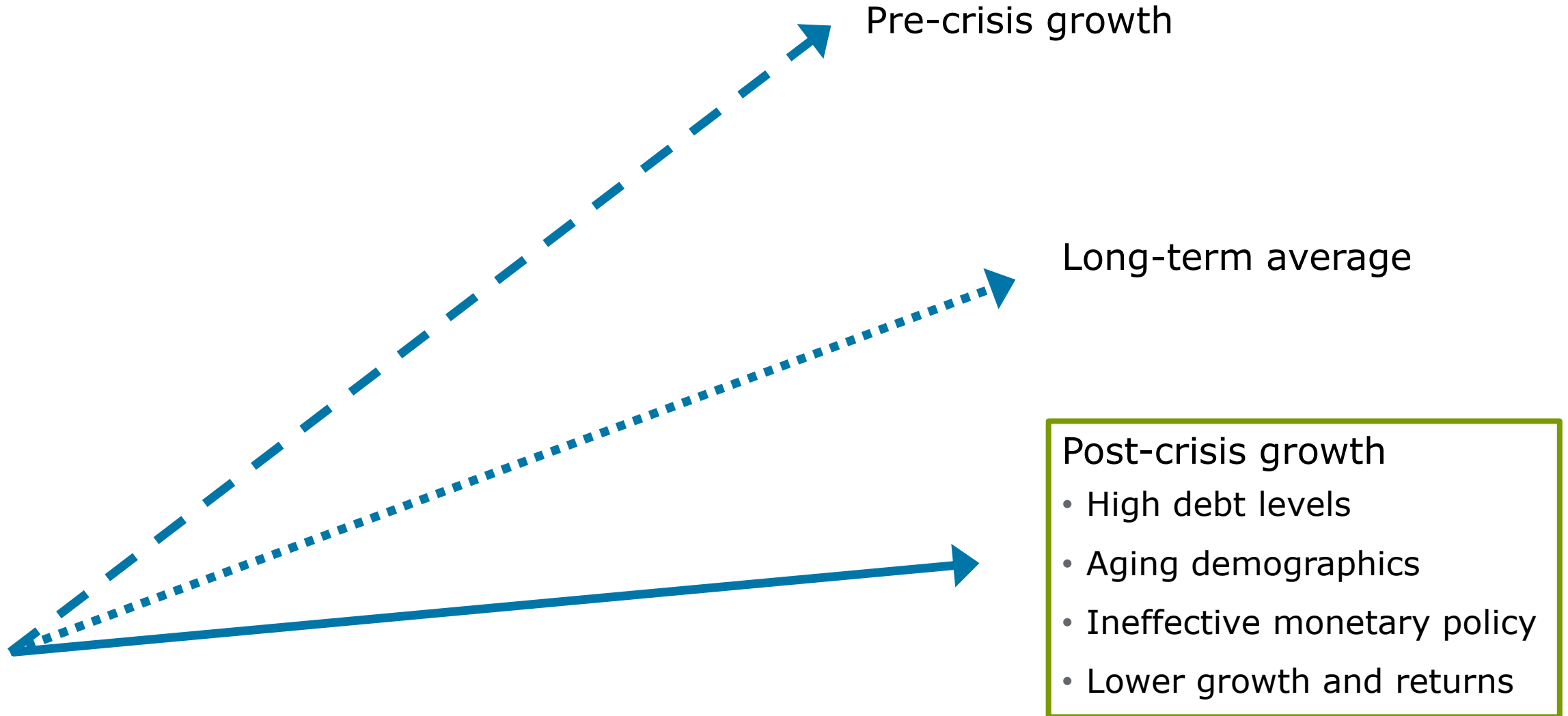


January 25, 2018

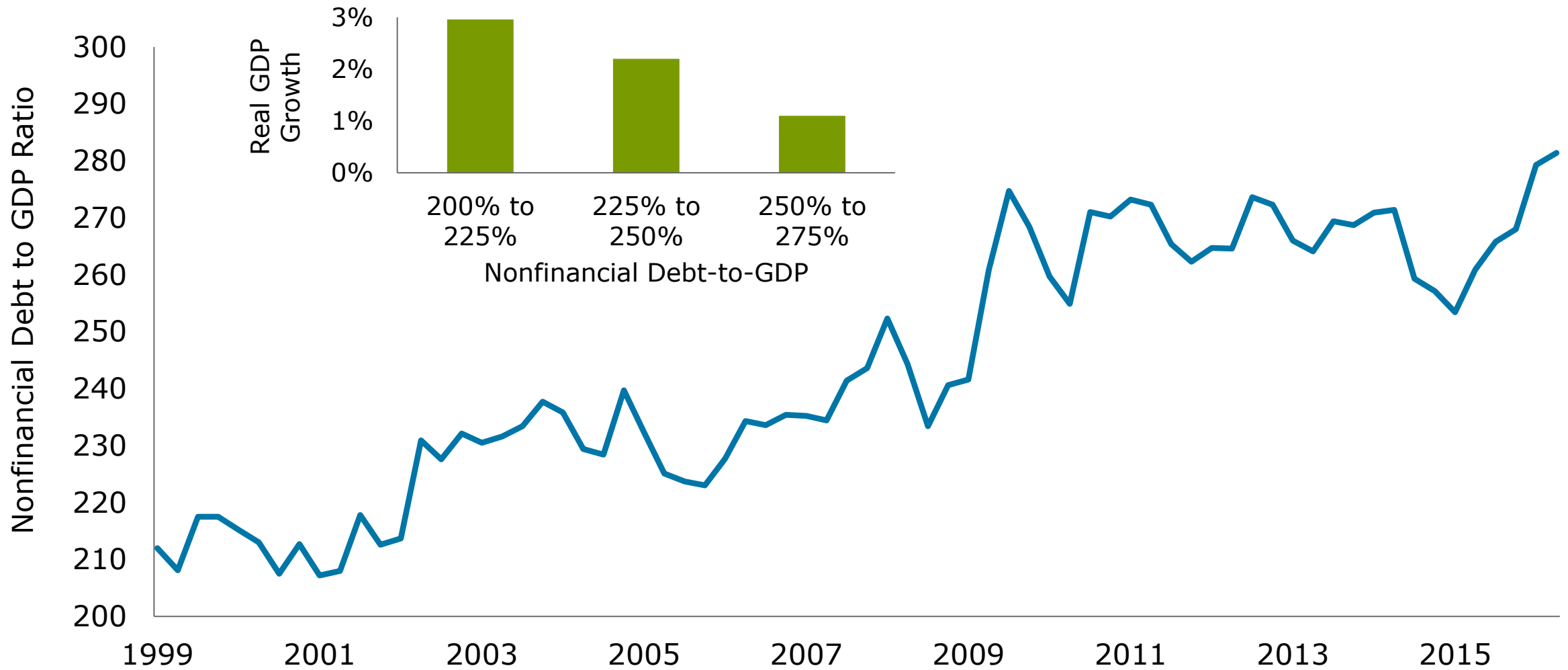
Secular Environment



Lower Long-term Secular Growth Outlook

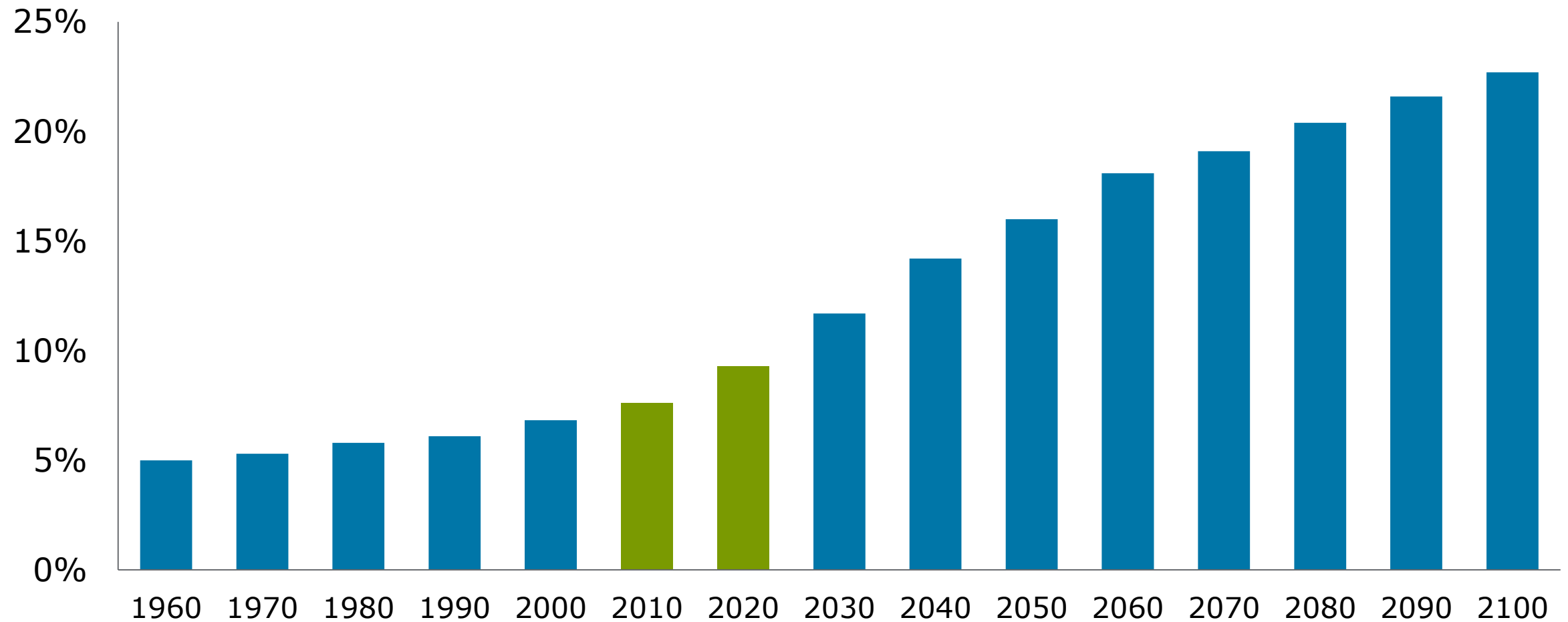


High Debt Levels in Advanced Economies



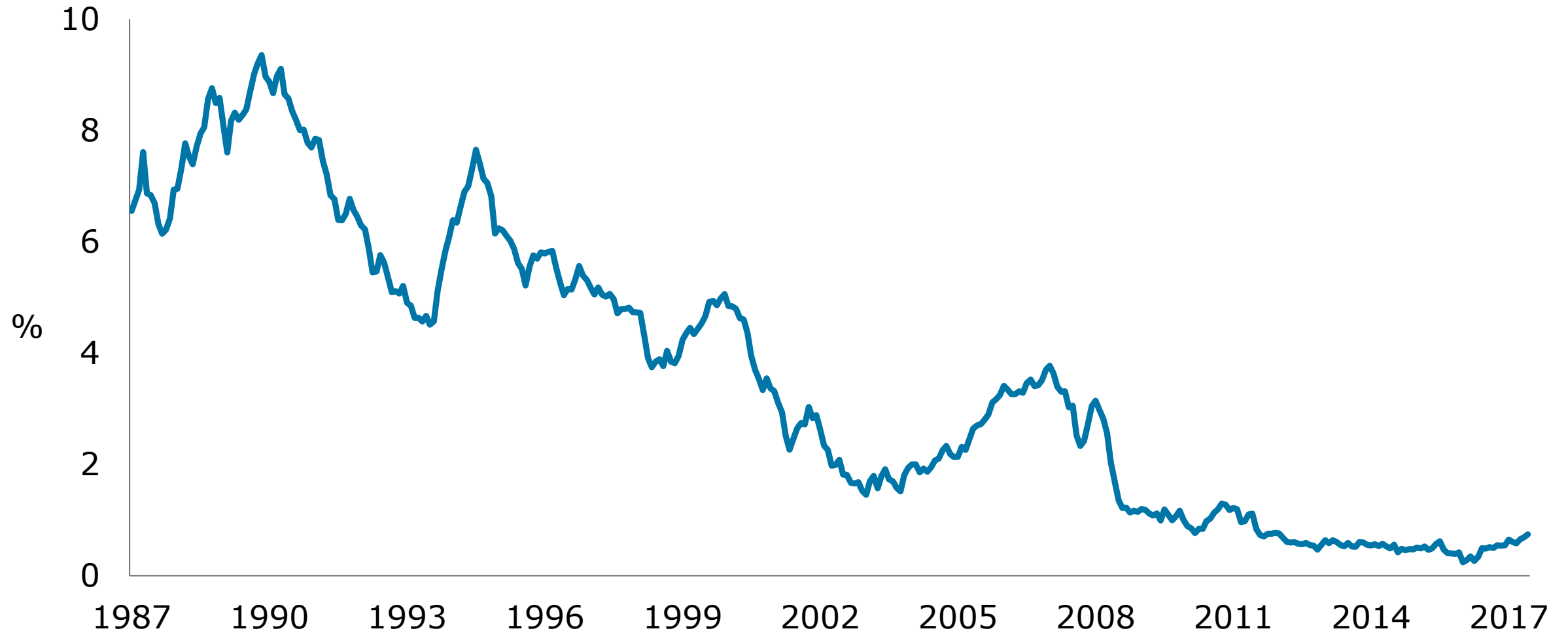
Aging Demographics

Percentage of World Population Age 65 and Older



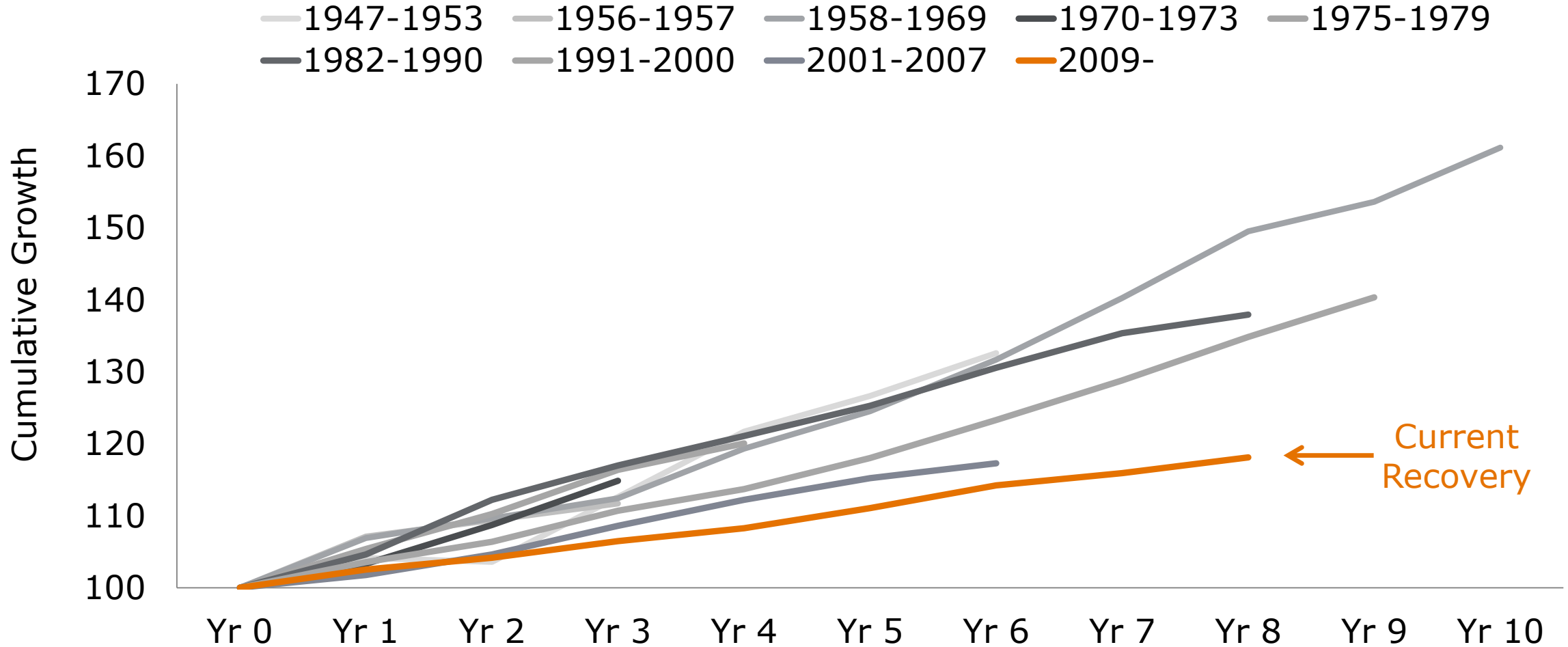
Central Banks Have Less Room to Maneuver

Global Short-term Rates



Slower Growth Experience Likely to Continue

U.S. Real GDP Through Recoveries, Trough = 100



Cyclical Analysis

*"History does not repeat
itself, but it does rhyme"*

-Mark Twain



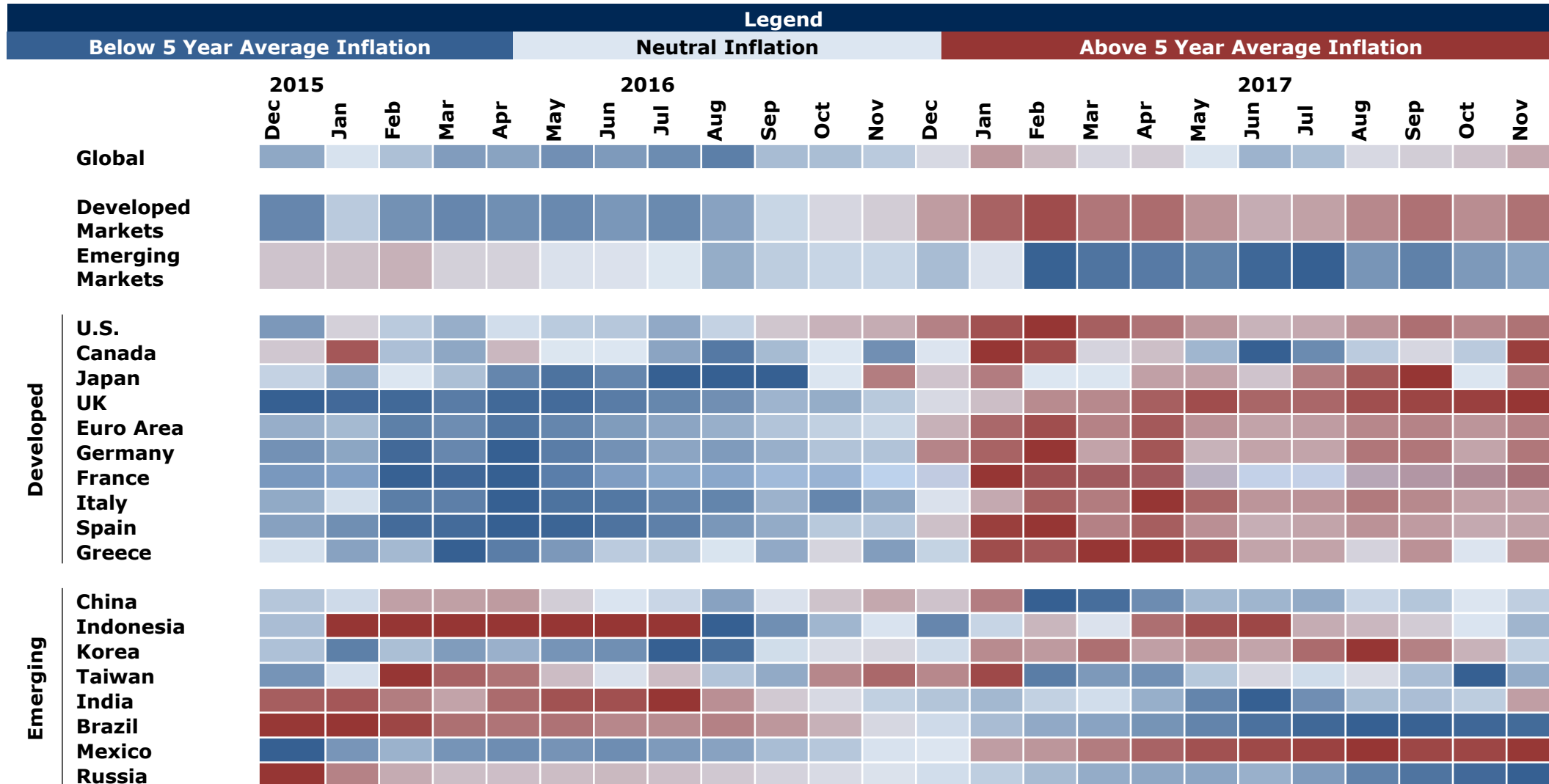
| We View Continuation of Mature Cycle

	Cycle Begins	Mid- to Late-Cycle	Pre-Recession	Late-Recession
GDP	<input type="checkbox"/> Expanding	<input checked="" type="checkbox"/> Expanding	<input type="checkbox"/> Decelerating	<input type="checkbox"/> Declining
Yield Curve	<input type="checkbox"/> Steepening	<input checked="" type="checkbox"/> Flattening	<input type="checkbox"/> Flat/Inverted	<input type="checkbox"/> Inverted
Central Bank	<input type="checkbox"/> Still Easing	<input checked="" type="checkbox"/> Tightening	<input type="checkbox"/> Tightening/On Hold	<input type="checkbox"/> Easing
Unemployment	<input type="checkbox"/> Peaking	<input checked="" type="checkbox"/> Declining	<input type="checkbox"/> Flat/Increasing	<input type="checkbox"/> Climbing
Inflation	<input type="checkbox"/> Bottoming	<input checked="" type="checkbox"/> Climbing	<input type="checkbox"/> Elevated	<input type="checkbox"/> Falling
Stock Value	<input type="checkbox"/> Cheap/Low	<input type="checkbox"/> Rising	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Falling
Corporate Debt	<input type="checkbox"/> Falling	<input type="checkbox"/> Stable/Rising	<input checked="" type="checkbox"/> High	<input type="checkbox"/> High but Falling
Profits	<input type="checkbox"/> Turning Positive	<input checked="" type="checkbox"/> Expanding	<input type="checkbox"/> Decelerating	<input type="checkbox"/> Falling



Signs of Inflation Picking Up Globally

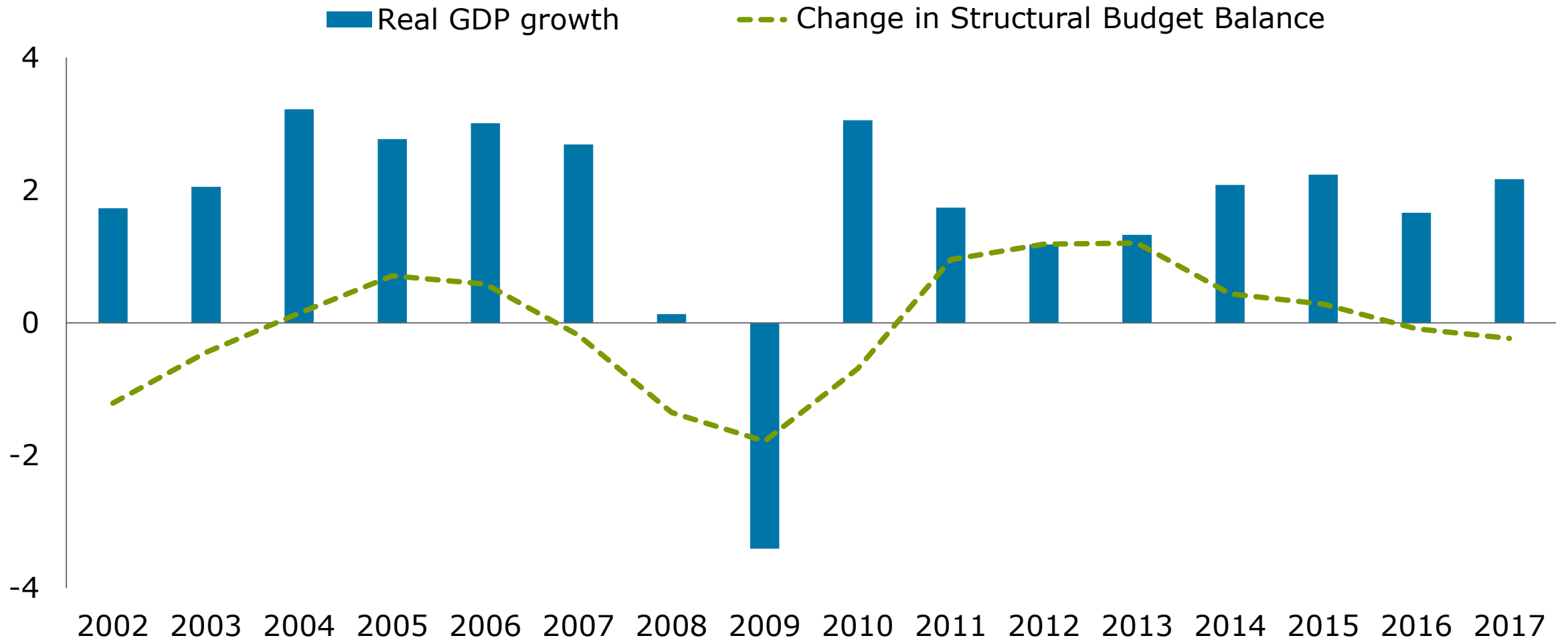
YoY Headline Inflation by Country and Region



Source: Federal Reserve, Statistics Canada, UK Office for National Statistics (ONS), Eurostat, Melbourne Institute, Japan Ministry of Internal Affairs & Communication, National Bureau of Statistics China, Statistics Indonesia, Korean National Office, DGBAS, India Ministry of Statistics & Programme Implementation, Bank of Mexico, Goskomstat of Russia, IBGE, Factset, Bloomberg, J.P. Morgan Asset Management. Heatmap colors are based on z-score of year-over-year inflation rate relative to five year history, for the time period shown.



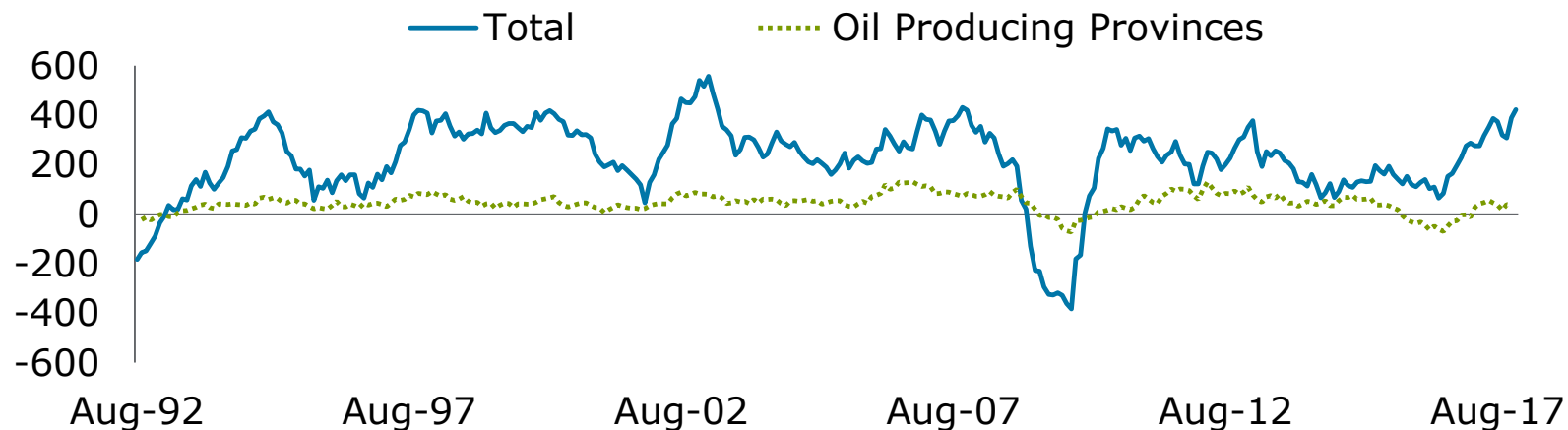
Real GDP Growth and Changes in Structural Budget Balance



Canadian Labour Market Leading the Way

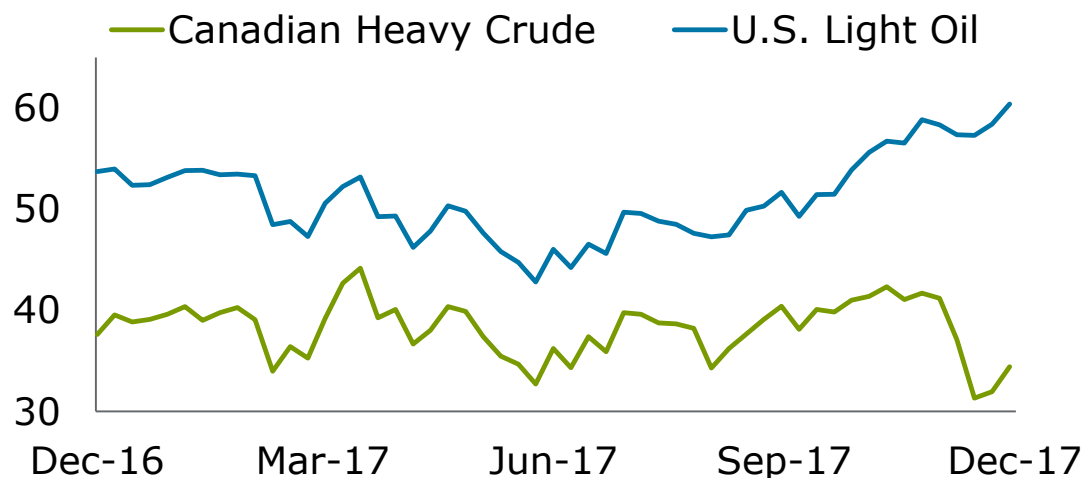


Canadian Job Change YoY

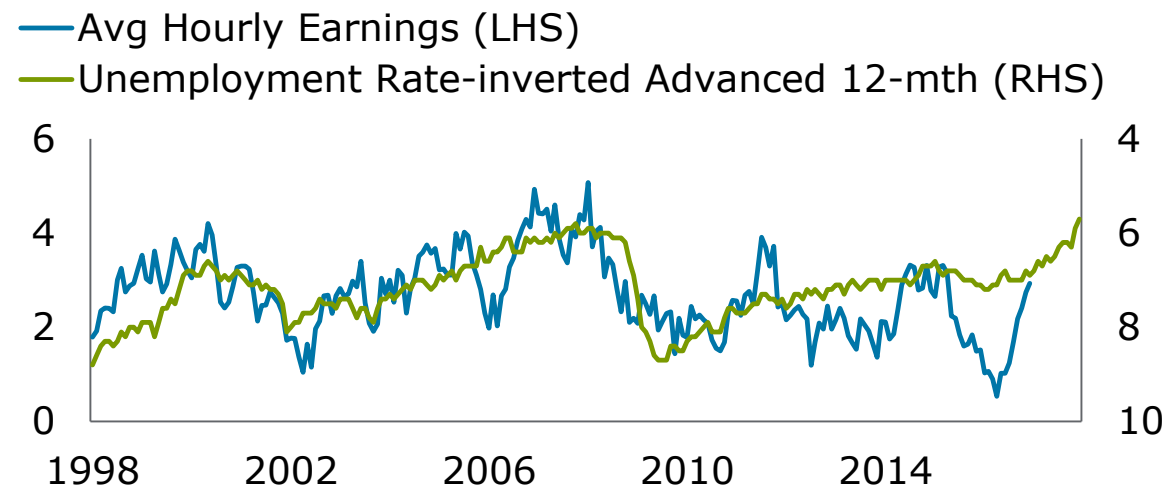


	Current	Record Low (+1976)
CAN	5.7	5.7
ON	5.5	4.7
QC	4.9	4.9
MB	5.7	3.7
SK	6.4	3.3
AB	6.9	3.0
BC	4.6	4.0

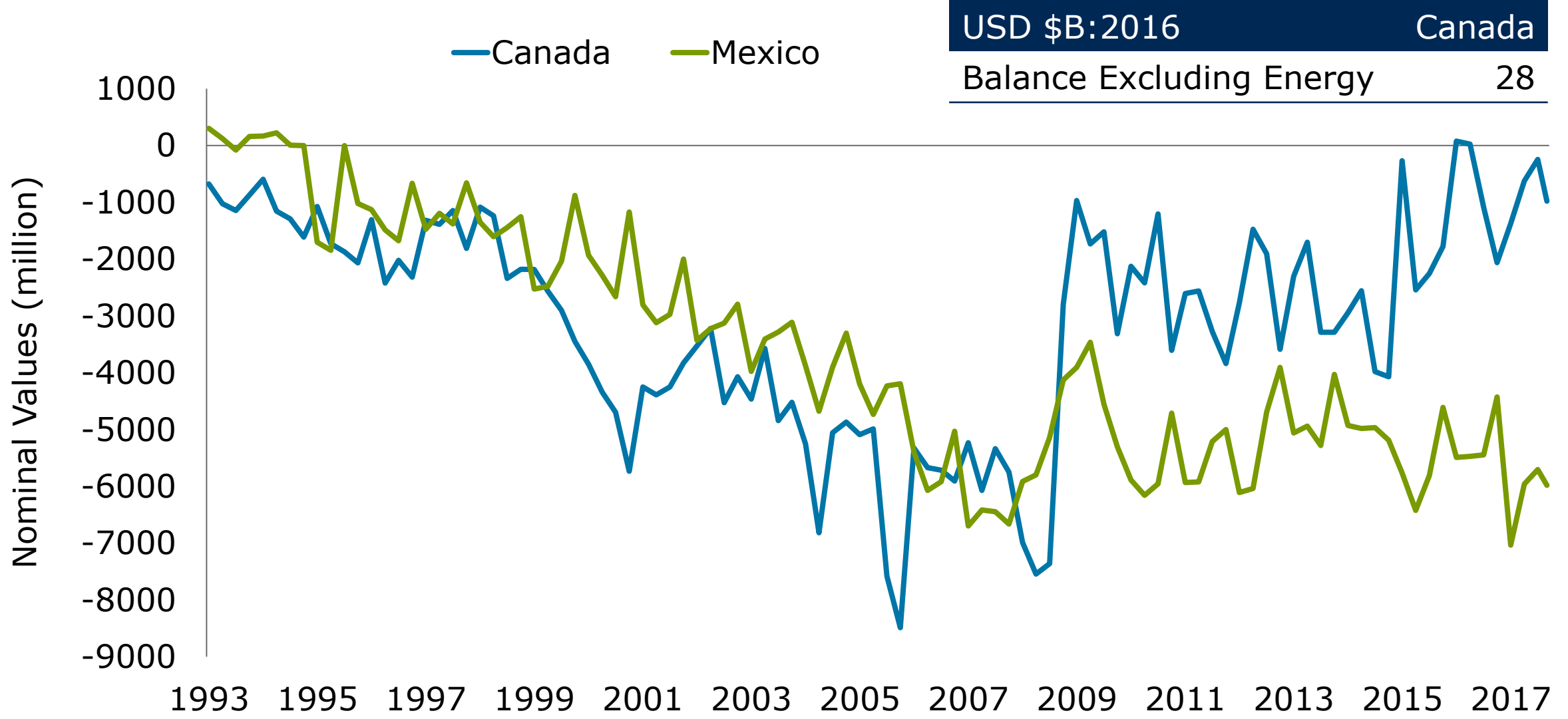
Canadian Crude vs U.S. Crude



Canadian Wages & Unemployment



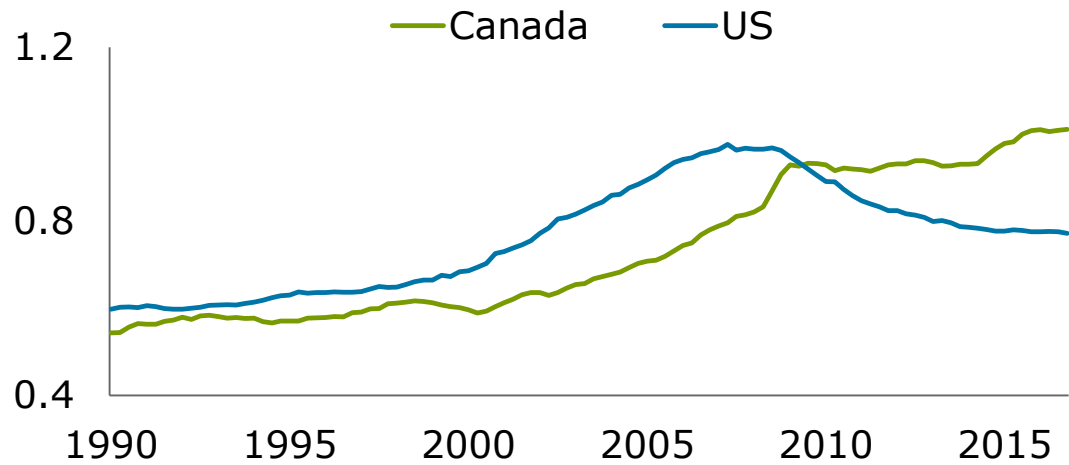
U.S. Trade Balance with NAFTA Countries



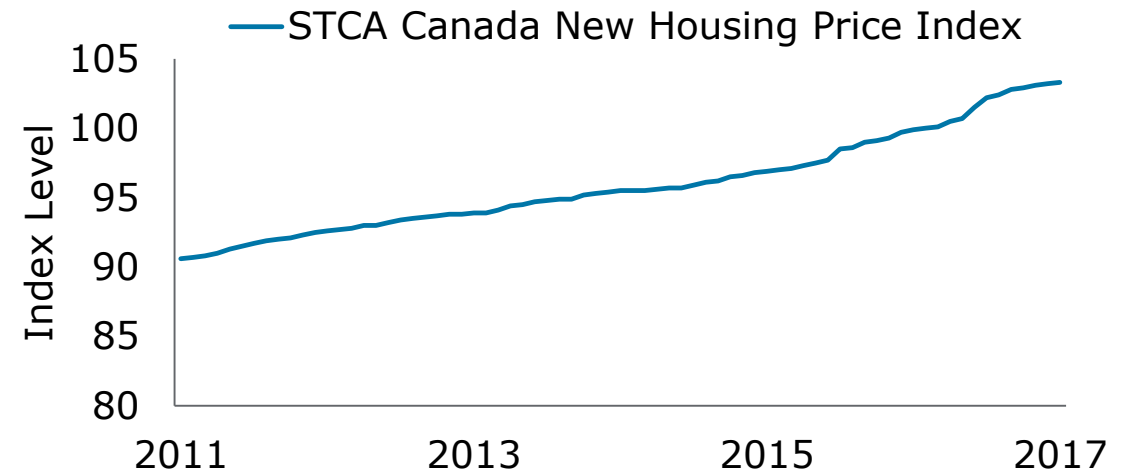
Demographics Offset Some Canadian Headwinds



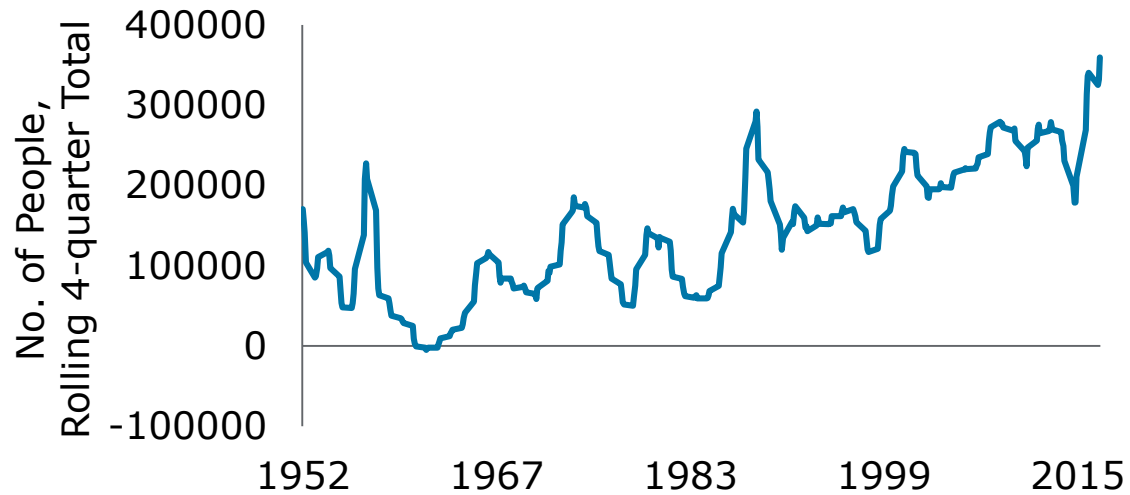
Household Debt (Debt Outstanding to Nominal GDP)



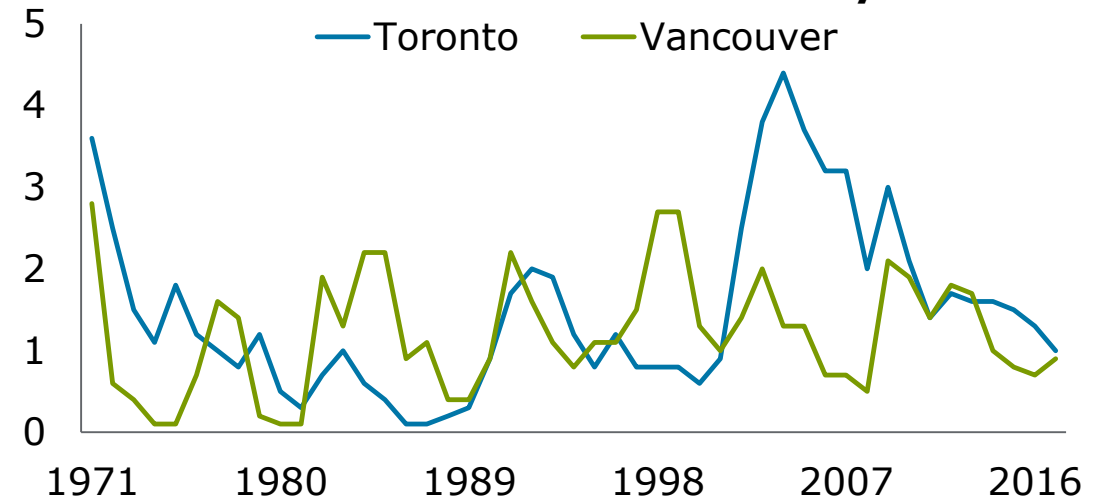
Household Prices



Immigration Into Canada



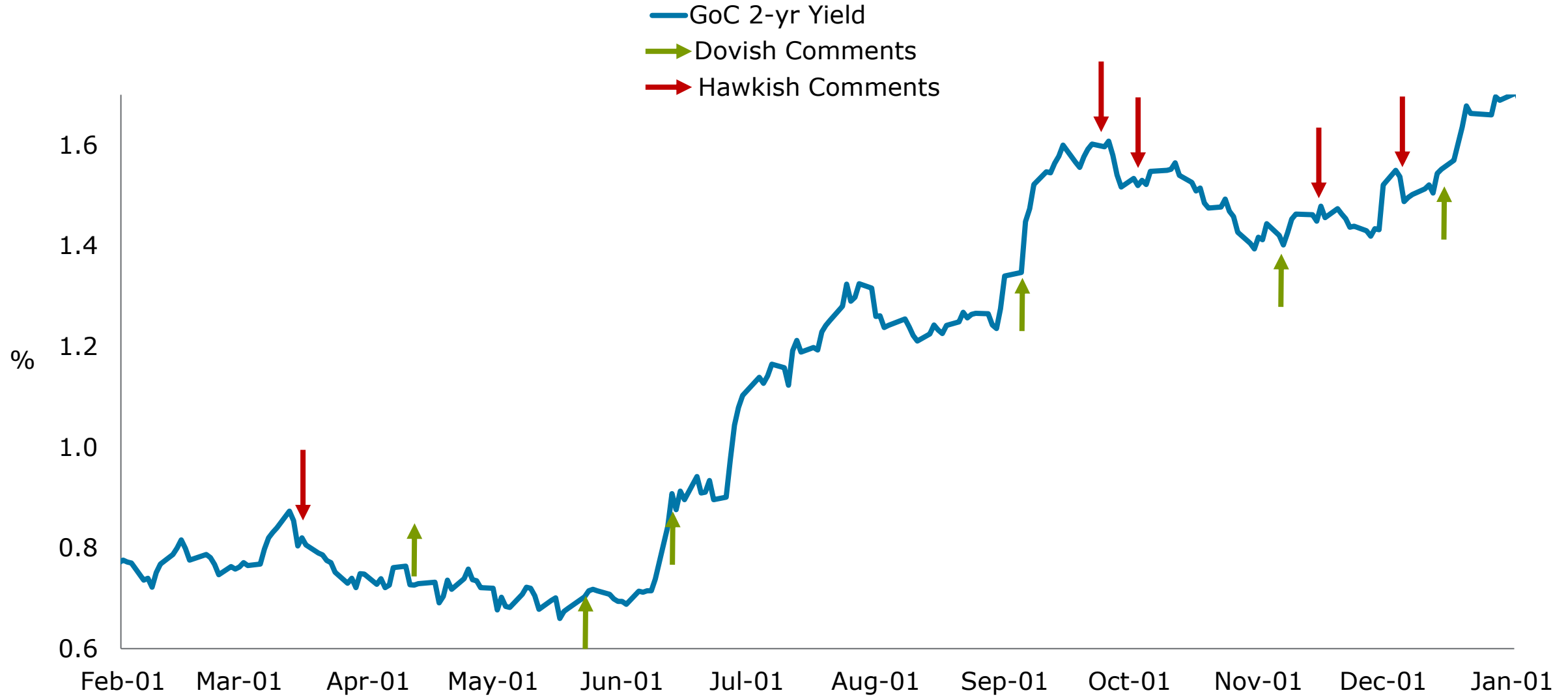
Residential Real Estate Vacancy Rate¹



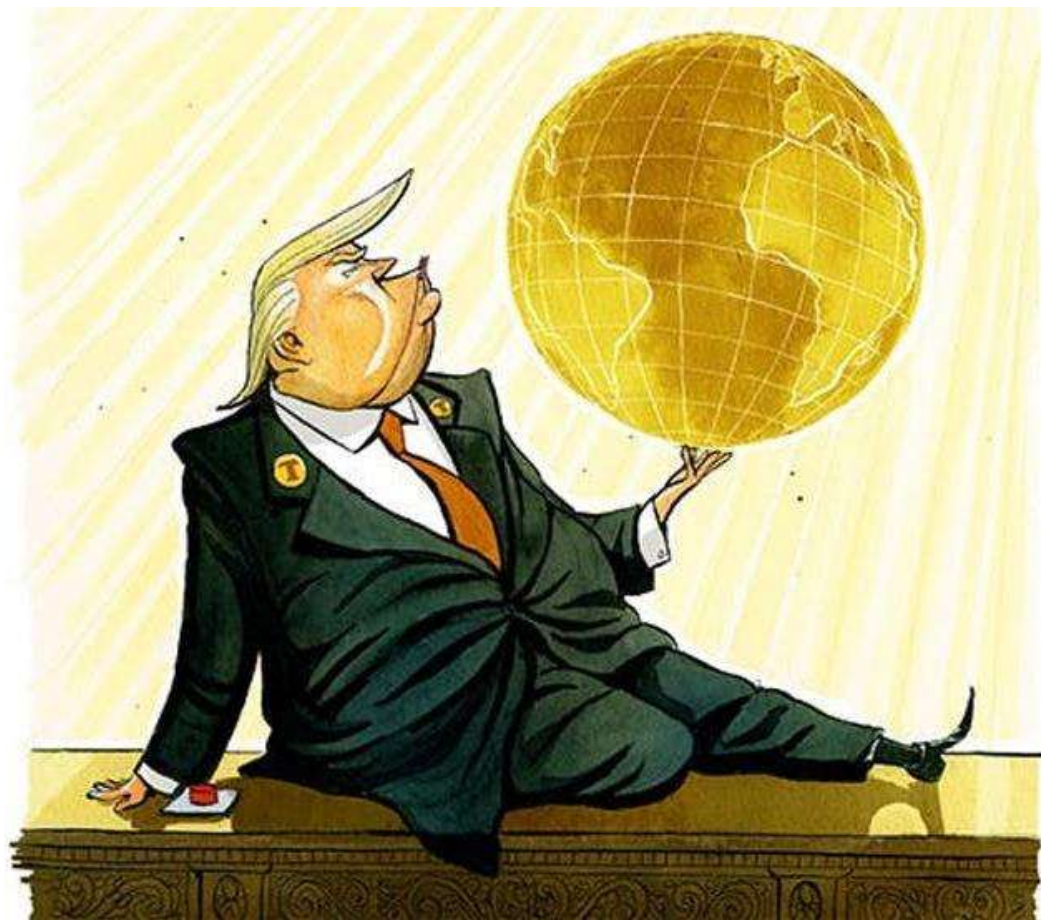
Source: Bloomberg, Statcan.

¹Canada Mortgage and Housing Corporation, vacancy rates, apartment structures of six units and over, privately initiated in census metropolitan areas, annual (rate), CANSIM (database).

Shift in Messaging from Governor Poloz

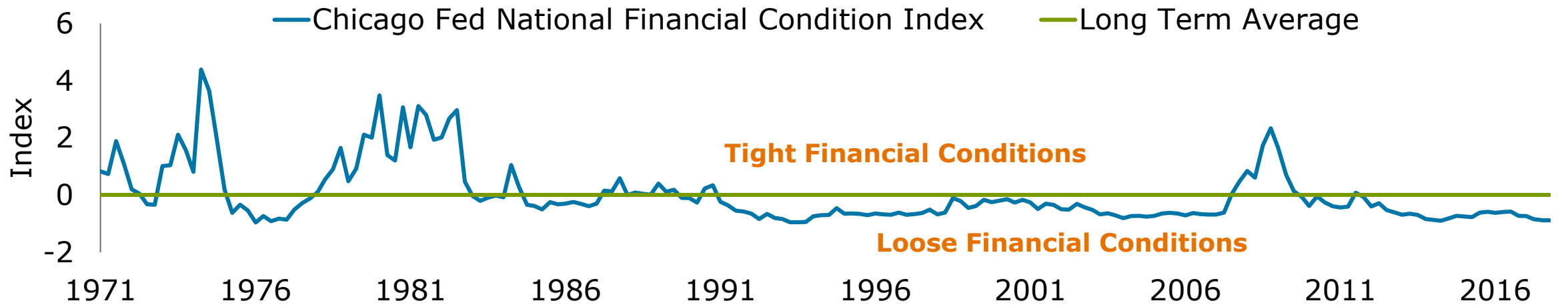
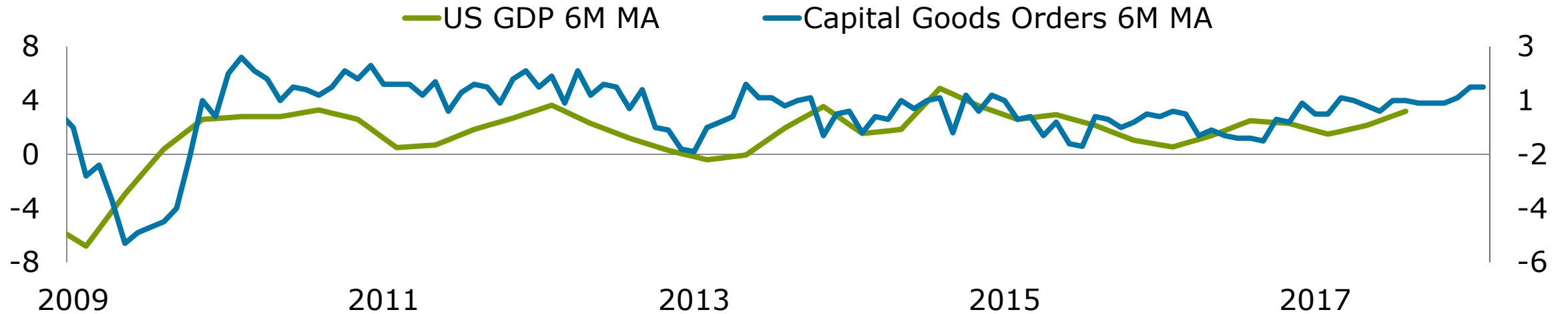
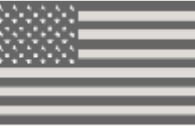


Investors Look Past Headline Risk

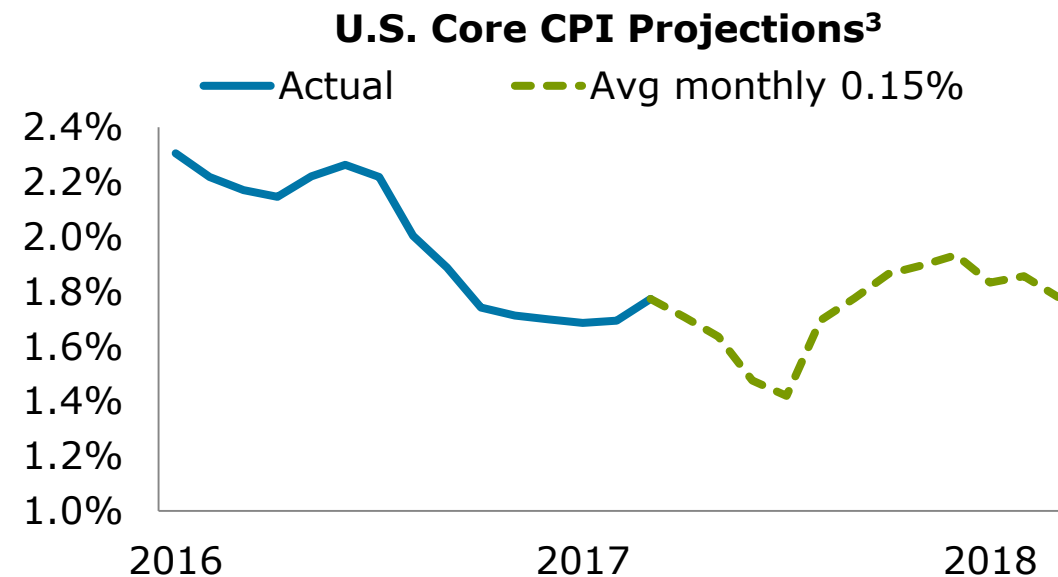
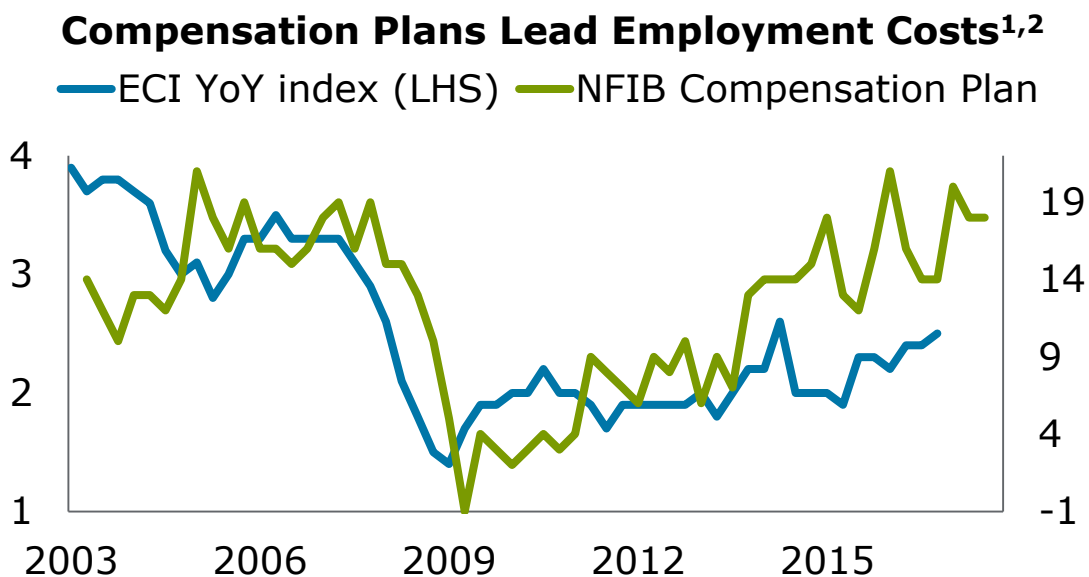
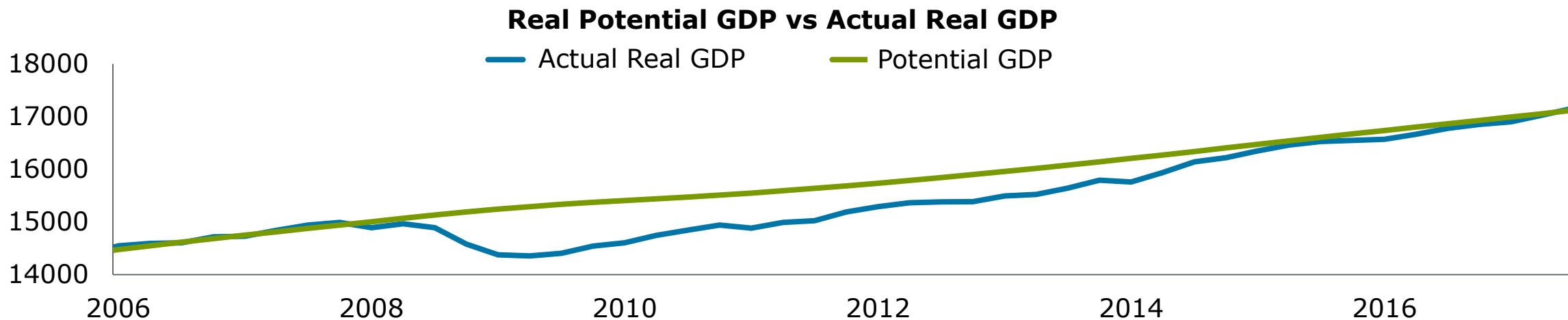


S&P 500 2017 Monthly Returns (%)	
January	1.9
February	4.0
March	0.1
April	1.0
May	1.4
June	0.6
July	2.1
August	0.3
September	2.1
October	2.3
November	3.1
December	1.1

Positive Momentum to U.S. Growth

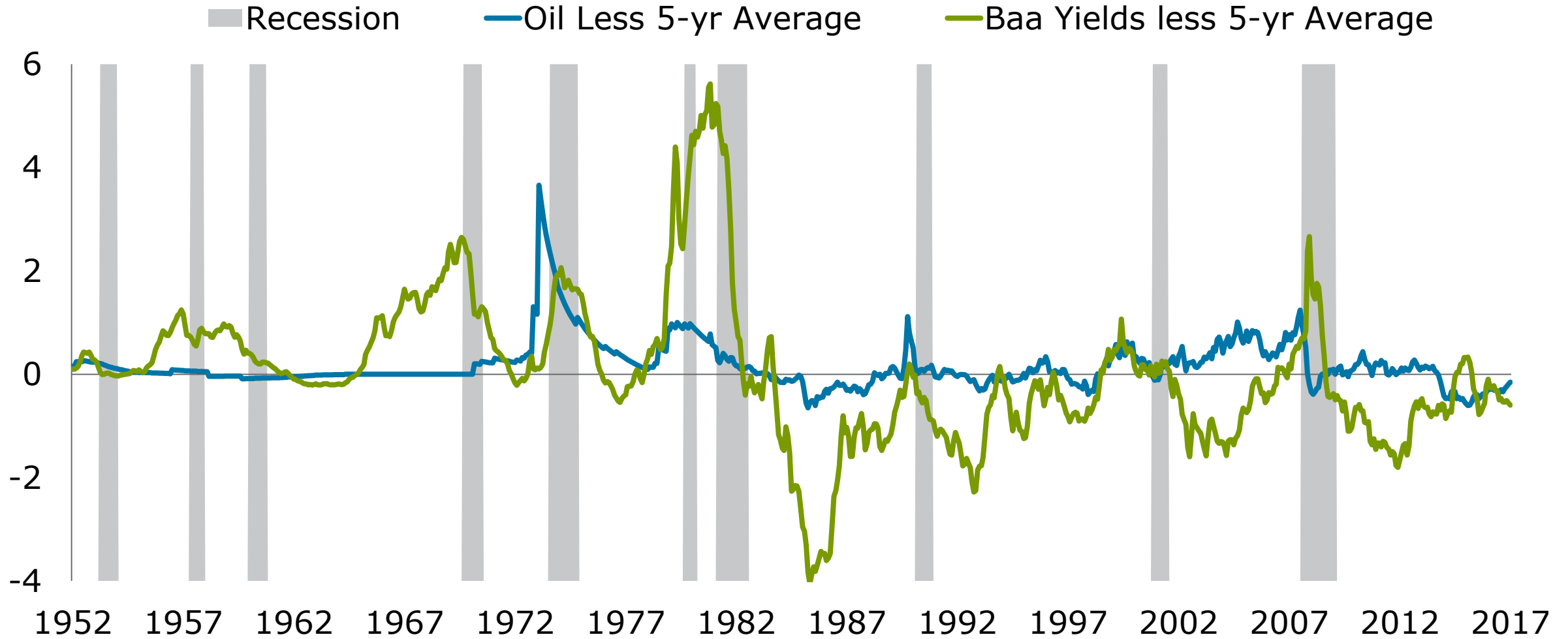
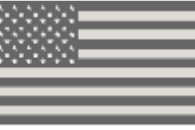


U.S. Economy at Capacity Creates Inflation Risk



Sources: Bloomberg. ¹ Compensation plan for small companies that are members of NFIB. ² Bureau of labor statistics employment cost for civilian workers. ³ CPI projection is calculated by assuming 0.15% increase in core index.

Interest Rates and Oil Typically Lead Recession

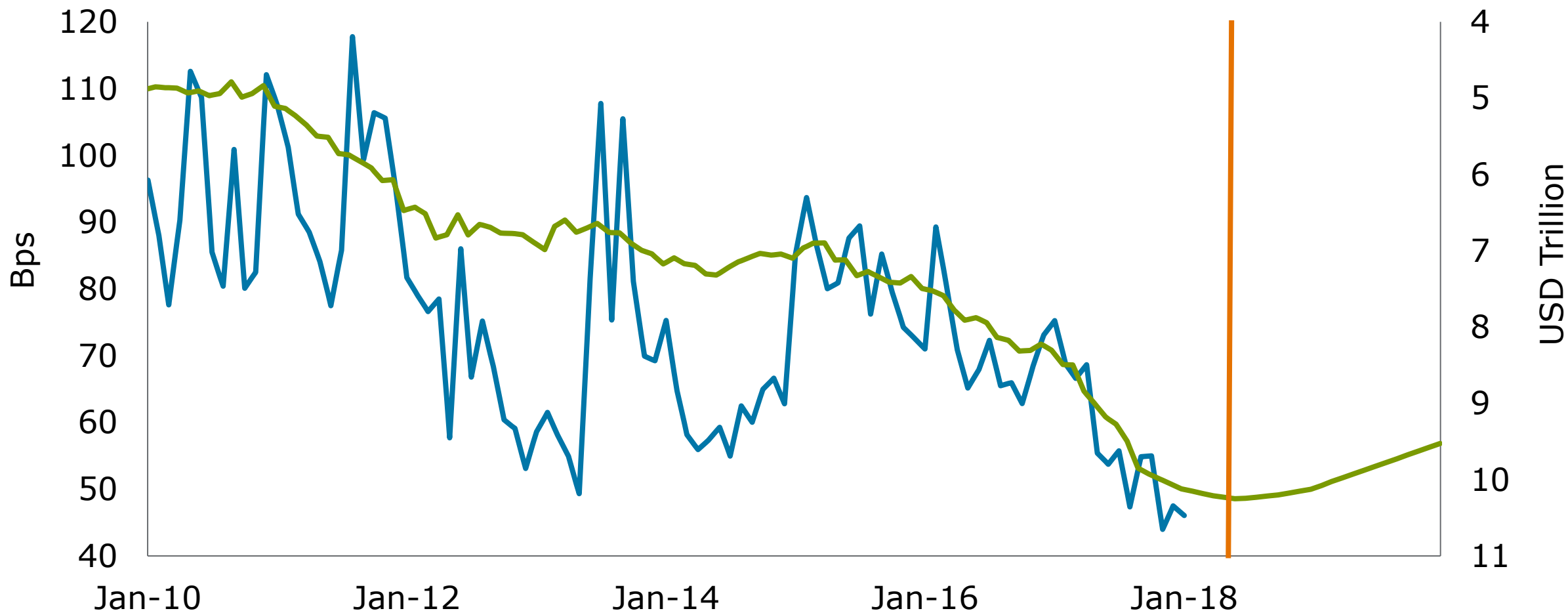


Tapering Could Increase Volatility



Bond Volatility and Central Banks Tapering

— Move Index (LHS) — Fed+ECB Balance Sheet (RHS)

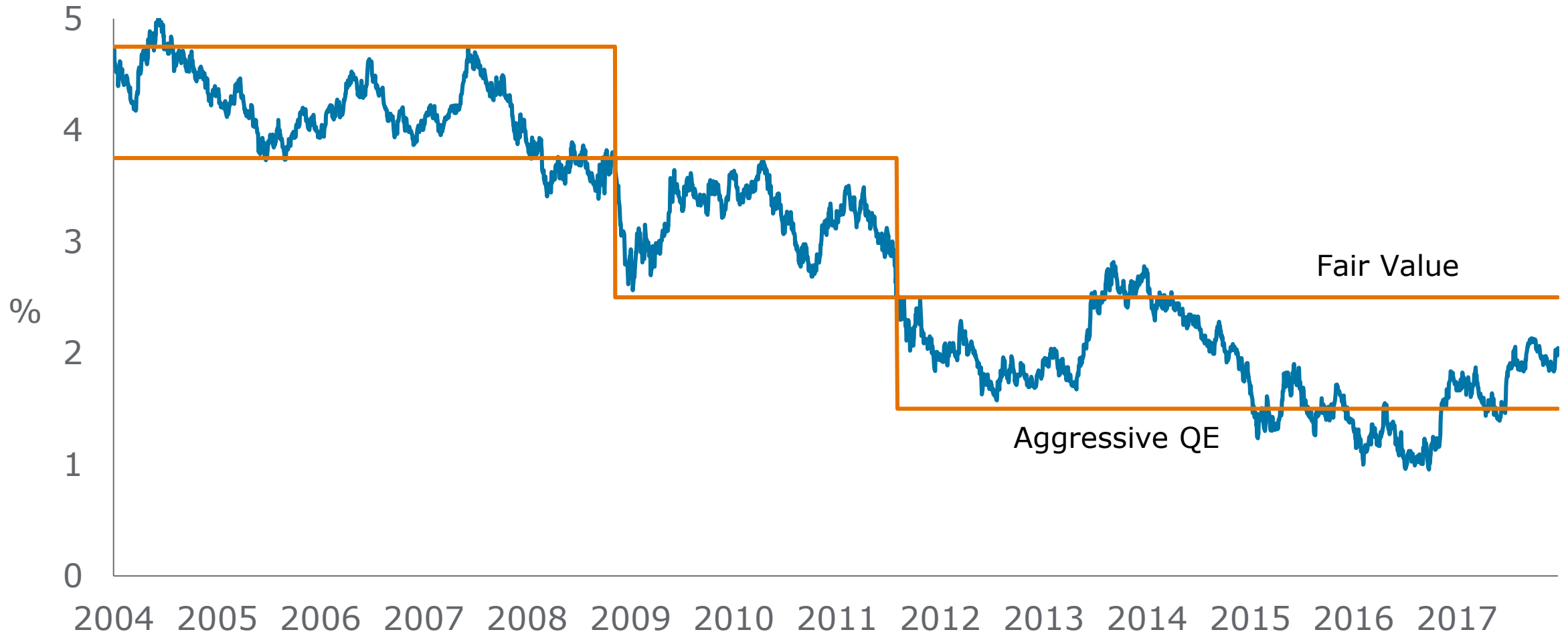


Valuation and Positioning



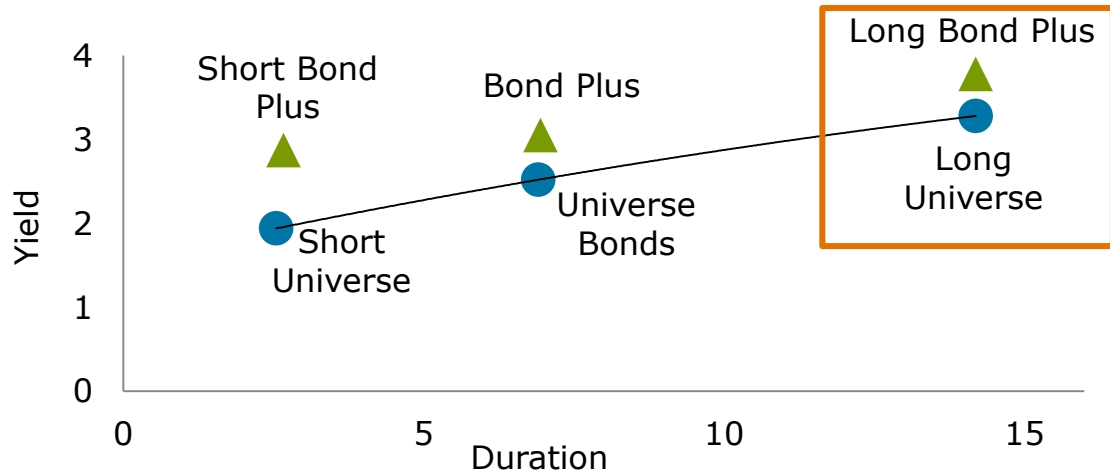
Canadian Bond Yields Within Expected Range

GoC 10-year Bond Yield

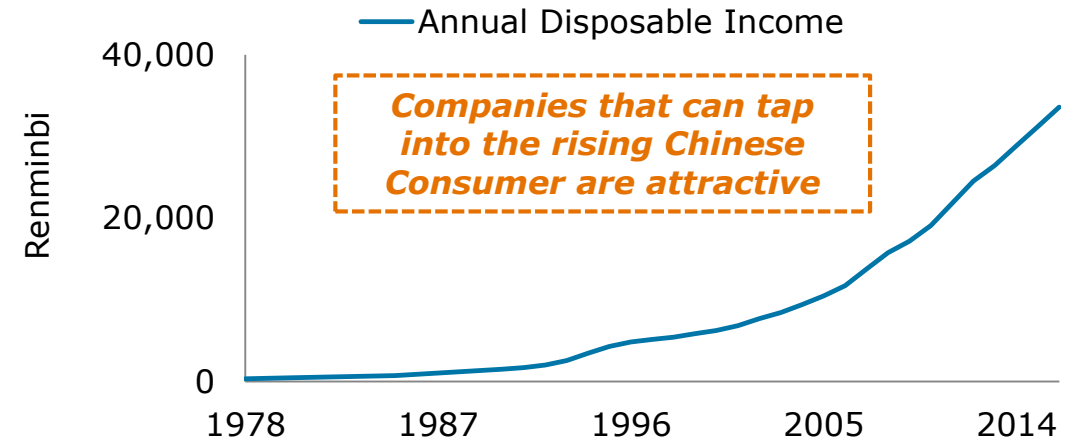


Greystone's Best Ideas for Q4-2017

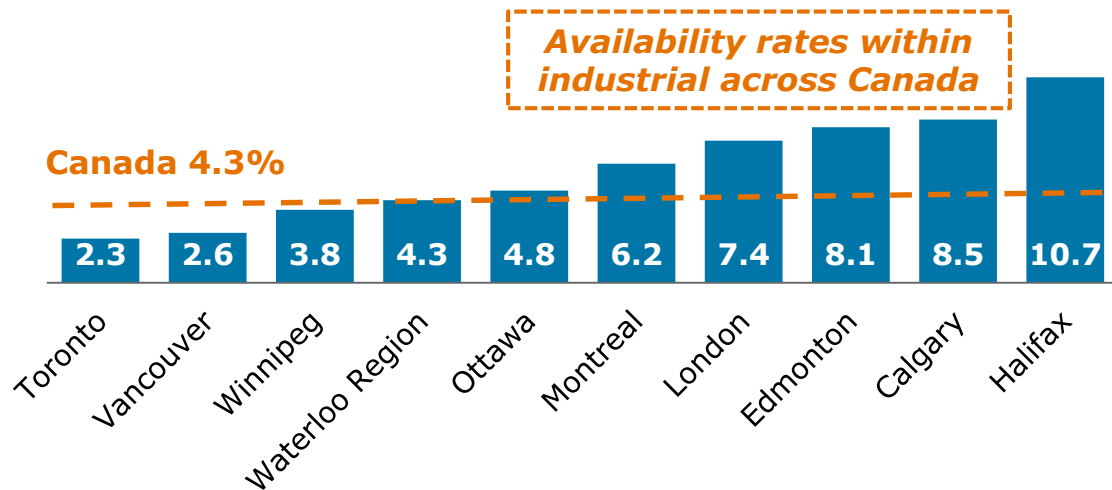
Fixed Income: Portable Alpha



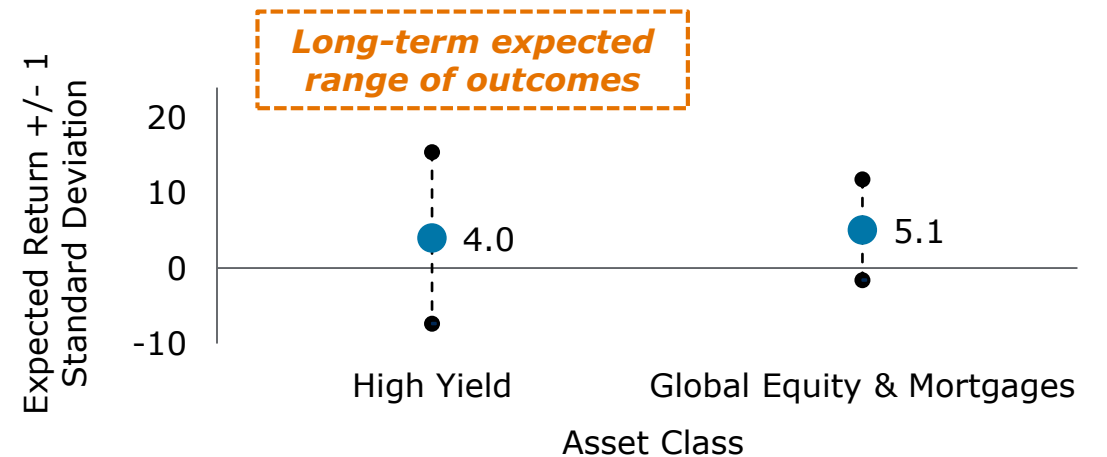
Equities: Opportunities in Chinese Consumer Stocks



Real Assets: The Growth of E-commerce Drives Demand for Industrial Real Estate in Toronto & Vancouver



Multi Assets: High Yield vs Equities & Mortgages



Disclosures

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For clients who hold real estate: IPD returns are not immediately available at quarter-end; therefore, the prior quarter's index return is used in this report for benchmark calculation purposes. When the actual index is available, the benchmark return is then re-calculated.

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Disclosures

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.

Current Canadian Equity Fund benchmark: S&P/TSX Composite. History:

- Oct 1999 - Jun 2001: CPMS Cap 10.
- Mar 1996 - Sep 1999: S&P/TSX Composite.

Current Canadian Equity Income & Growth Fund benchmark: S&P/TSX Capped Composite 80%, Telecommunication Services 5%, Utilities 5%, Oil & Gas Storage & Transportation 5%, Equity Real Estate Investment Trusts 5%. History:

- Jan 2007 - Mar 2014: S&P/TSX Capped Composite 70%, Financials 10%, Telecommunication Services 10%, Utilities 10%.
- Jul 2001 - Dec 2006: S&P/TSX Composite.
- Oct 1999 - Jun 2001: CPMS Cap 10.
- Dec 1997 - Sep 1999: S&P/TSX Composite.

Current Canadian Equity Small Cap Fund benchmark: S&P/TSX SmallCap. History:

- Jan 2007 - Dec 2009: BMO SmallCap.

Current International Income & Growth Fund benchmark: MSCI EAFE (Net). History:

- Apr 2008 - Jun 2015: MSCI EAFE High Dividend Yield (Net).

Current Mortgage Fund Benchmark: FTSE TMX Canada Short Term Overall Bond 60%, FTSE TMX Canada Mid Term Overall Bond 40% + 0.5% per annum. History:

- Oct 2007 - Sep 2009: FTSE TMX Canada Conventional Mortgage.

Current Infrastructure Fund benchmark:

In C\$: 8% gross return rolling over a four year period and taking into account CAD to USD FX movement.
In US\$: 8% gross return rolling over four year period.

Current Balanced Fund benchmark: 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%. History:

- 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 Canada Universe Bond 24%, Mortgage Fund benchmark 8%, S&P/TSX Composite 21.5%, S&P 500 10.7%, MSCI EAFE (Net) 10.7%, MSCI World (Net) 10.7%, IPD All Property 10%, Infrastructure benchmark 4.4%. History:

- Dec 13, 2016 – Jan 24, 2017: FTSE TMX Canada Universe Bond 24.6%, Mortgage Fund benchmark 8%, S&P/TSX Composite 22%, S&P 500 11%, MSCI EAFE (Net) 11%, MSCI World (Net) 11%, IPD All Property 10%, Infrastructure benchmark 2.4%.
- Apr 1, 2016 – Dec 12, 2016: FTSE TMX Canada Universe Bond 25.4%, Mortgage Fund benchmark 8%, S&P/TSX Composite 22.7%, S&P 500 11.3%, MSCI EAFE (Net) 11.3%, MSCI World (Net) 11.3%, IPD All Property 10%.
- Mar 1, 2016 – Mar 31, 2016: FTSE TMX Canada Universe Bond 26.1%, Mortgage Fund benchmark 8%, S&P/TSX Composite 23.3%, S&P 500 11.6%, MSCI EAFE (Net) 11.6%, MSCI World (Net) 11.6%, IPD All Property 7.8%.
- Feb 1, 2016 – Feb 29, 2016: FTSE TMX Canada Universe Bond 27%, Mortgage Fund benchmark 8%, S&P/TSX Composite 24%, S&P 500 12%, MSCI EAFE (Net) 12%, MSCI World (Net) 12%, IPD All Property 5%.
- Jan 5, 2016 – Jan 31, 2016: FTSE TMX Canada Universe Bond 27.9%, Mortgage Fund benchmark 8%, S&P/TSX Composite 24.7%, S&P 500 12.3%, MSCI EAFE (Net) 12.3%, MSCI World (Net) 12.3%, IPD All Property 2.5%.
- Apr 24, 2015 - Jan 4, 2016: FTSE TMX Canada Universe Bond 28.7%, Mortgage Fund benchmark 8%, S&P/TSX Composite 25.32%, S&P 500 12.66%, MSCI EAFE (Net) 12.66%, MSCI World (Net) 12.66%.
- Apr 1-23, 2015: FTSE TMX Canada Universe Bond 36.7%, S&P/TSX Composite 25.32%, S&P 500 12.66%, MSCI EAFE (Net) 12.66%, MSCI World (Net) 12.66%.

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.

Valuation of Greystone Infrastructure Fund

The Greystone Infrastructure Fund is comprised of the Greystone Infrastructure Fund (Global Master) L.P., the Greystone Infrastructure Fund (Canada) L.P. and the Greystone Infrastructure Fund (Canada) L.P. II

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.

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