TD Wealth

Perspectives () 10 Minutes



WAAC Perspectives

TD Wealth Asset Allocation Committee (WAAC)

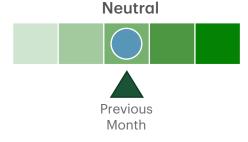




Core Asset Class Allocations

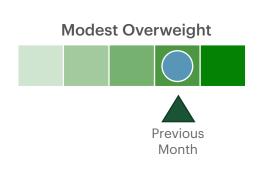


Equity



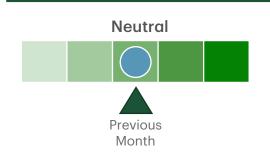
While equity market returns remain positive year-to-date, markets appear to be taking a step back this month as they digest the headwinds from higher bond yields and ongoing geopolitical uncertainty. We believe that the equity market has a balanced return outlook. While earnings growth is in positive territory globally (as represented by the MSCI All Country World Index), this has been partially captured by the market in valuations and elevated investor sentiment.

Fixed Income



The Bank of Canada ("BoC") has seen better-than-expected inflation prints over the past three months, increasing the likelihood that it may begin to reduce its policy rate in the summer. In previous easing cycles bonds have generated positive returns as interest rates have fallen in the months leading up to the first rate cut. Given the modest rise in interest rates year-to-date, we anticipate that the lead-up to the BoC's first policy rate cut later this year will exhibit similar patterns to historical easing cycles. Although uncertainty remains elevated around the future evolution of domestic and global macroeconomic data, we would still expect that fixed income will generate positive returns over the next 12 months and that bonds can still provide diversification benefits, reduce overall portfolio volatility and preserve capital.

Alternatives



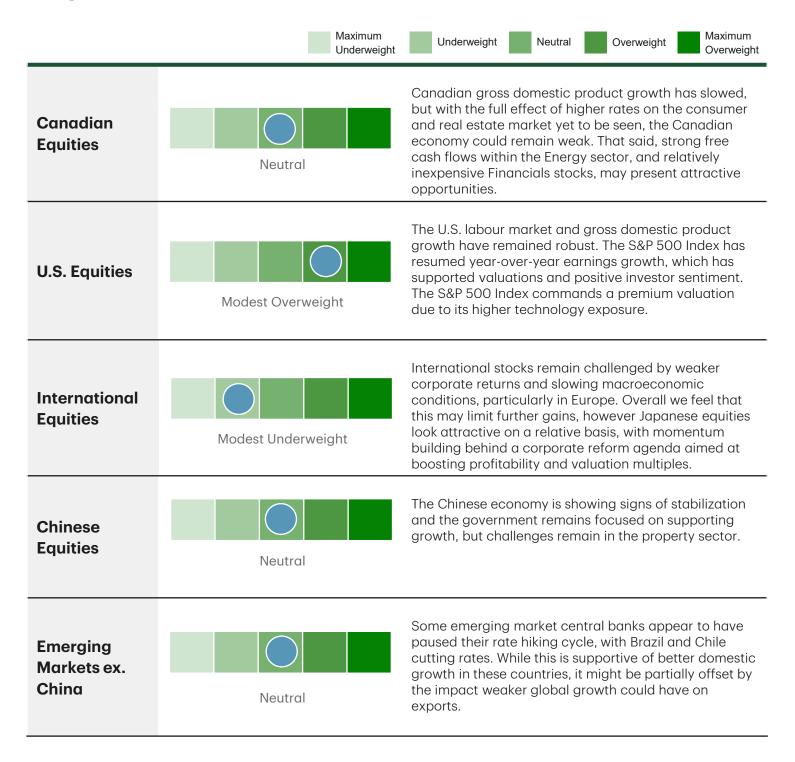
We believe that an allocation to alternative assets can benefit diversified portfolios especially when implemented over the long-term. Alternative assets can provide inflation protection and attractive absolute returns, while acting as long-term portfolio stabilizers via their diversification benefits and less correlated income streams. Given the nature of private asset classes as well as the present phase of value adjustment in several markets and asset classes, we believe that this may be an attractive time to increase or consider an allocation to alternative assets.

Cash & Equivalents

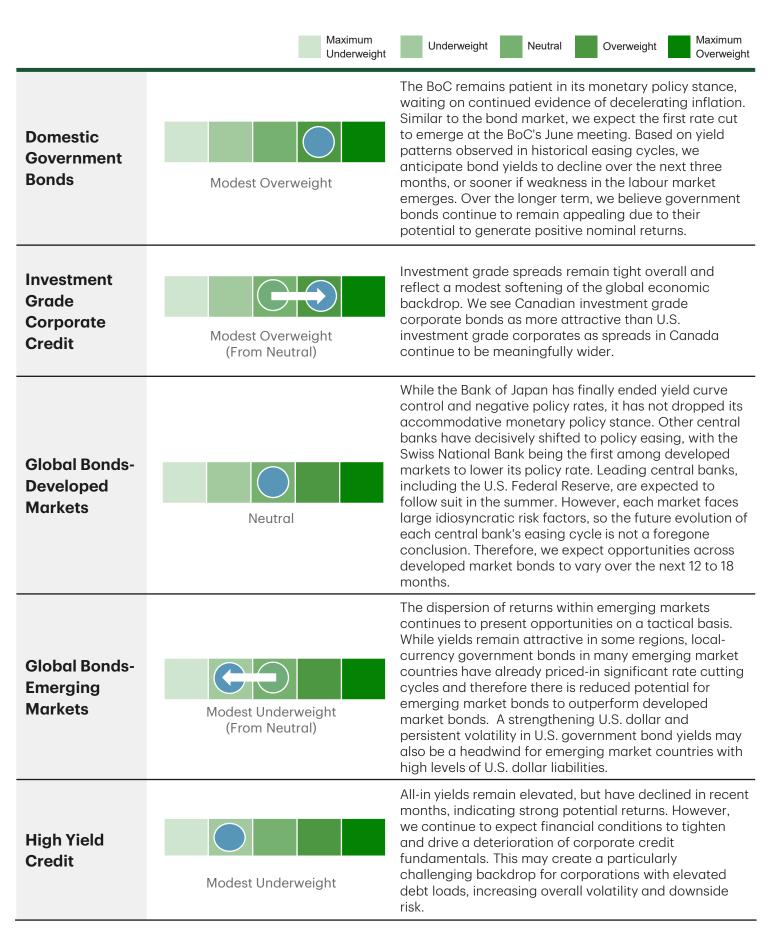


We anticipate that the high yield we are currently seeing in cash may be temporary and we would expect a reduction in yields as the BoC and the U.S. Federal Reserve move towards easing measures. Overall, cash may not be as attractive as other asset classes in the medium term.

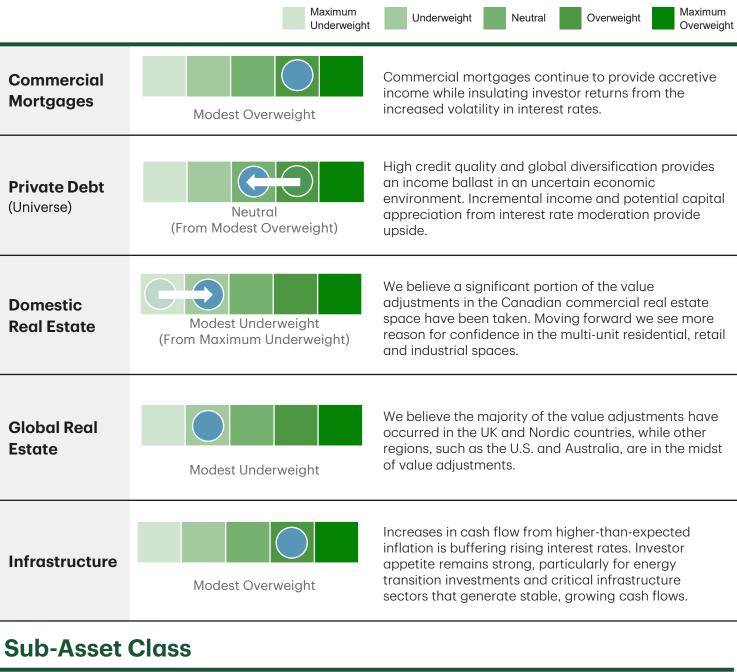
Equities – Neutral Overall Outlook

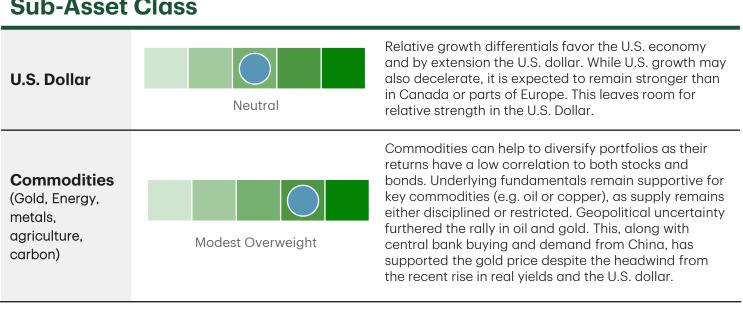


Fixed Income – Modest Overweight Overall Outlook



Alternatives – Neutral Overall Outlook





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For more information please contact your investment professional.



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