

WEALTH OF LIFE

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**TINGLEY GROUP OF
RBC DOMINION SECURITIES**

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Thank you for all the great feedback on our Winter newsletter! We are so glad to have *Wealth of Life* going again.

I have rewritten this introduction four times since March, as originally this was going to be a spring newsletter. The first introduction was “OMG can you believe the snow?” and now it is “OMG can you believe the fall is here.”

On a personal note, I want to mention how thankful I am for my recovery from back surgery last fall. Since then I have shovelled lots of snow, picked fiddleheads, golfed, cleaned up the yard, planted the garden, piled four cord of hardwood and fished for salmon. I also want to congratulate Jeff, his wife Caitlin, and daughter Ella on the addition of Bennett Ross to the family.

In this newsletter, we are going to focus on how our approach to business has changed over the last few years—from a brokerage/transactional approach, to a discretionary portfolio management approach. We’ll also give you a recap of the local RBC Blue Water Day at Mapleton Park back in June.

As a follow up to my article, “Soul of Money” from the last issue of *Wealth of Life*, I’ve included a recap of a mid-winter visit to Doug and Sheila Hoyt, whose passion for community service has spanned the 20 years I have known them.

So once again enjoy, and if you have any thoughts or ideas for us for a future newsletter, please let us know.

Take care and enjoy the fall.



**RBC Wealth Management
Dominion Securities**

There's Wealth in Our Approach.™



RAIN OR SHINE, MONCTON RBC EMPLOYEES SHOW WHAT COMMUNITY SPIRIT LOOKS LIKE

June 2 began quiet and cold, with the rain falling at Mapleton Park Rotary Pavilion. As Angela and I arrived shortly after lunch, along with many other RBC employees, the music pumped from the speakers, enthusiasm, excitement and energy filled the park as the Moncton Mega City Makeover (RBC Blue Water Day at Mapleton Park) got underway.

The event kicked off with a welcome message from C103 morning host, Mandy MacDonald. Kirk Muise, Regional Vice President for Eastern N.B. and P.E.I., presented the \$30,000 Leadership Grant to Executive Director of the Petitcodiac Watershed Alliance, Christine McLaughlan. "RBC is the best bank," said Christine. "Sometimes donors just give you money and that's it, but RBC employees are always willing to lend a helping hand."

The 55 Moncton area RBC employees from Eastern N.B. and P.E.I. in attendance not only lent helping hands, but they got their hands dirty as they got started on the day's main event: building a community rain garden, which, as its name implies, is a garden that takes advantage of rainfall and storm water runoff in its design and plant selection.

RBC Olympian Luke Couture got everyone warmed up with a few pre-planting exercises, and Leo the Lion dropped by to join the festivities.

First the sod was dug out, then the plants were placed in the ground, and finally the gardens were finished off with mulch. The team worked tirelessly, stopping only for a few minutes to warm up with hot chocolate and a snack.

The rain persisted throughout the afternoon, but not even cold rain could dampen the spirits of the enthusiastic and energized RBC employees. Only once the rain gardens were finished did the rain let up, and the remaining volunteers had an opportunity to see the finished product of their afternoon's work.

MORE ABOUT THE RBC BLUE WATER PROJECT

The RBC Blue Water Project is a 10-year global commitment of \$50 million to help protect the world's most precious natural resource: fresh water. To date, RBC has pledged over \$41 million to more than 700 charitable organizations worldwide that protect watersheds and promote access to clean drinking water, with an additional \$8.8 million pledged to universities for water programs. The RBC Blue Water Project will support initiatives that help protect water in our growing towns and cities. We're also promoting responsible water use with our employees and clients, reducing the intensity of our own water footprint and encouraging the growth of water businesses.



A VISIT TO DOUG AND SHEILA'S

Over the winter, I had the pleasure of visiting Doug and Sheila Hoyt at their home for a cup of tea and an assortment of delicious cookies. Due to the tunnel leading up to their home, the first part of our visit revolved around a discussion of the amount of snow we had over the winter, then an update on how things were going with their family. As usual, the conversation then swung around to all the various charitable and volunteer efforts they are involved in. This couple didn't retire, they just stopped getting paid. You do not have to ask Doug and Sheila why they do all the volunteer activities they do; you can see it on their faces.

One of things they are greatly involved with is the monthly community dinners the Mountain View United Church, holds for those less fortunate. When I asked what was involved in putting together a monthly community dinner, I didn't realize what was to follow, but Sheila rushed for her binder and Doug slid to the edge of his chair. Mountain View United has been doing a monthly community dinner the fourth Sunday of the month for about five years. I am quite certain Sheila's binder could tell you how many people have come to every dinner and how many meals were served, and what the cost per plate was. Most dinners serve 250-300 meals feeding approximately 160 attendees. Doug and Sheila know how many pounds of potatoes, number of turkeys, 9 x 13 cakes, and tubs of ice cream it takes for every kind of meal they have prepared.

The typical community dinner gets rolling with coffee, tea, and donuts for the keeners who show up early. Generally the dinner includes meat, gravy, mashed potatoes, mixed vegetables, and finishes up with cake and ice cream. It appears they have created quite a reputation for their garlic mashed potatoes and meat loaf, according to those attending. There are usually a lot of people going for seconds until the food is gone. Doug was telling me they can't open the doors to the kitchen/dining area until after the morning church service is finished due to the smell of garlic mashed potatoes wafting out to the sanctuary.

Monetary and food donations come from members of the congregation, and it takes a small army of 35-45 volunteers to pull this dinner off on a monthly basis. First of all, you have to line up the volunteers and someone has to purchase and obtain all the food required. On the Sunday morning of the community dinner, the dining area has to be set up and all the food prepared and cooked. At 2 p.m. the doors open with dinner served from 3 - 4 p.m., and then a two-hour clean up.

To hear all of the stories about the interesting people Doug and Sheila have met over the years, while serving at these dinners, would require another cup of tea and a couple more cookies.

DISCRETIONARY PORTFOLIO INVESTMENT MANAGEMENT

When you are in business, you are constantly trying to bring the best products and service to your clients that you can. When I first started out in the investment industry back in 1990, my belief was that portfolios consisting of individual stocks and fixed income were the best I could offer. Every time head office made a change to the model portfolio, you had to make contact with all the clients that needed to sell or buy that security, which meant maybe 75-100 calls. The normal outcome was as follows: some clients would go ahead with the change, others wouldn't; some weren't home, others were going to think about it and call you back, etc... Then there would be another change, and another change...

In 1999, when I hired a coach to review my business, I had ownership in approximately 400 different stocks. This led me to the use of a more managed money approach like Sovereign, Access, Parameters, and mutual funds where a manager was hired to look after the equity component of the portfolio. In this way, our job became to manage the manager, not manage the stocks.

During the bear market of 2008, this approach collided with one of our primary investment beliefs: that a client's primary concern is safety of their money with a return somewhat better than guaranteed investment certificates, not how they do relative to the markets/index. Let me explain: most money managers try to build portfolios reflective of the indexes like the TSX, so if resource stocks are 55% of the TSX, most managers would have resource weightings in this range. Their main goal is outperforming the markets, so being down 40% in a down 50% market would be awesome, so they think.

So, in 2009, we started the shift back to individual stocks and fixed income portfolios but this time with the knowledge that I would be getting my discretionary license in a couple years. This allows us to manage a client's portfolio and make changes as required without making contact each and every time something is changed. The overall direction of the portfolio is managed by the Investment Policy Statement or IPS. We have model portfolios for the Canadian, U.S., and international equity components, so when there is a change such as selling Rogers and buying BCE it affects all portfolios that have a Canadian equity component. In this way, we can stay on top of all portfolios and know that when a change is made it is made for everyone, and at the same price.

There was a number of criteria I had to meet in order to get my discretionary license and be able to offer RBC's premium discretionary Private Investment Management (PIM) service: no compliance issues, in the business for a while, size of business, all the necessary educational requirements, samples of clients that we managed equity portfolios for, and a request to the discretionary management risk group in head office. In the fall of 2012, I received approval for my associate portfolio manager designation and, in July, I received approval for my portfolio manager designation. Moving from an advice/brokerage relationship to a discretionary/fiduciary relationship, of course, comes with lots of extra oversight from head office. Portfolio monitoring on our end, extra paperwork, mandatory reviews, etc., such that our conversion to PIM takes time. Currently, we manage \$240 million of client assets with \$100 million in PIM. Our goal is to be 100% PIM over the next few years.

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