

MacKay Weekly Investment Report

WEEK ENDING FRIDAY, APRIL 26, 2024

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Serving clients and friends at RBC Dominion Securities Inc. – a member of RBC Financial Group since 1983.*

HOW I SEE IT – by Bruce

Correction low? /Rolling bull markets/Leveraging end

Equity indices drop this week - are we at the month low point? Dow high 39,900 end of March to 37,700 this week - 2200 points or 5% **correction- could be the low.**

Positives: **AAll Investor Sentiment Survey**- 32.1% bullish/ 33.9% neutral/ 33.93% bearish - Lower bullish reading for 4 weeks- follows the correction- good for bargain hunters. **RBC GAM /CM /WM**, “Macro - Under performance of Canadian economy relative to the US in increases the odds that a gap in policy rate and a weaker Canadian dollar are more likely to be tolerated by BoC. RBC expects the BoC to cut rates from before the Fed, and at a more aggressive pace afterwards. US Equity Strategy-sentiment and growth take a hit. RBC CM expects the pull back to bottom out in a 5-10% range versus the recent high. The improvement in US GDP forecast reduce the likelihood of a pullback greater than 10%. While the market stress has moved up as shown in the VIX and equity put call ratio they still remain quite low when looking back over long periods of history. Outflows from US equity funds, & global equity funds point to derisking.”

Mark Schmehl Fidelity listened to his latest market comments this week, “Most important thing is focusing on earning growth of the companies. World of economy is not great, but there are pockets of incredible strength. It has been a nice orderly correction, but nothing fundamentally has changed. The trends in place are stronger than they were 12 months ago. I remain bullish. I think there will be a good year for stock picking. The market was up 30% in the first quarter. I’ll probably get some of that back. These trends will continue to work. “

Dr. Ed Yardeni, “It’s widely believed that high interest rates act as break on economic activity. But do they? Today we examine our fringe view that perhaps the economy is so strong because of high interest rates, not despite them. After all, Fed tightening hasn’t produced the expected lagged economic effects; Consumer

spending hasn’t flagged as it does before recessions. On the contrary, consumers are spending briskly despite higher debt servicing costs. That’s because overall they benefit more from higher interest rates than not, via incrementally non-labor income. (Dr. Ed said we have had rolling recessions- are we having **rolling bull markets** now like in AI, gold, oil, commodities and even real-estate.)

Tom Lee, “More favorable to equities given oversold conditions. Five reasons why stocks are down. 1. The relentless 28% rise since October 2023 was due for a pause. 2. Earnings of a \$ASML and \$TSMC triggered red flags on AI. 3. The 3 most recent inflation reports triggered fears of second wave. 4. Higher inflation compels fed to delay cuts but markets overshooting. 5. War risks generally elevating with conflict in Middle East. Fundstrat believes inflation expectations will reverse. Q1 earnings remain strong so far. Medium core CPT at 1.76% is below long-term average of 2.4%. the percent of S&P 500 stocks above the 20-day moving average currently stands at 8%. Extremely oversold reading. S&P 500 target remains 5,200 for year end. **Leveraging** might be nearing an end.”

Negatives: **Yield curve** has been converted for over 500 days. We’ve only seen this three times in history – 2008, 1929, 1974. All three saw greater than 50% stock market drawdowns. History tells us it’s about to get ugly. More inversion days equals deeper drawdown. We’re already at 511 days. **Brian Westbury**, “The economy continued to grow in the first quarter at what we estimate is at 2.6% annual rate. That’s a slowdown from one from the 3.1% rate in 2023. we think a chunk of recent growth is artificial and temporary, the byproduct of too much government. Solid for now, but we expect slower growth later this year as the temporary effects of government deficit spending were off.”

Investments strategy: “In order to be a great writer or investor a person must have a built-in shockproof crap detector.” **Ernest Hemingway.**

Have a great weekend. Bruce

Copper hits US\$10,000 a ton as BHP bid shows tight supply pipeline

Copper hit US\$10,000 a ton for the first time in two years as speculation builds that the world's mines will struggle to meet a coming wave of demand from green industries.

The metal has reclaimed that threshold as a historic squeeze on supply of mined ores risks tilting the market into a major deficit, and investors turn increasingly optimistic about demand.

One headwind to the rally is that Chinese demand is looking alarmingly soft. The disconnect is evident in futures positioning on the London Metal Exchange, where investors have boosted bullish bets to a record while sales by commercial entities have surged.

<https://www.bnnbloomberg.ca/copper-hits-us-10-000-a-ton-as-bhp-bid-shows-tight-supply-pipeline-1.2065523>

Olympic organizers unveil strategy for using artificial intelligence in sports

Olympic organizers unveiled their plans Friday to use artificial intelligence in sports, joining the global rush to capitalize on the rapidly advancing technology.

The International Olympic Committee outlined its agenda for taking advantage of AI. Officials said it could be used to help identify promising athletes, personalize training methods and make the games fairer by improving judging.

“Today we are making another step to ensure the uniqueness of the Olympic Games and the relevance of sport. To do this, we have to be leaders of change,” IOC President Thomas Bach said at a press event at the former London Olympic Park, which hosted the summer games in 2012.

<https://www.bnnbloomberg.ca/olympic-organizers-unveil-strategy-for-using-artificial-intelligence-in-sports-1.2061356>

Capital gains tax changes will impact financial corporations the most: economists

Economists say the impact of Ottawa's move to raise the inclusion rate on capital gains taxes will impact financial corporations most of all.

Florence Jean-Jacobs, a principal economist at Desjardins, and Randall Bartlett, a senior director of Canadian economics at Desjardins, said in a report Thursday that the impact of the new measures will be felt differently across industries. Last week Canada's federal government tabled its 2024 budget, which included intentions to raise the inclusion rate on capital gains taxes from one-half to two-thirds for all gains realized by corporations and trusts. The new rate would only impact individuals with gains above \$250,000.

“In the absence of public data on capital gains by sector, the greater the assets (especially financial assets), the greater the risk that some of these industries could be affected by the changed inclusion rate for capital gains,” the report said.

<https://www.bnnbloomberg.ca/capital-gains-tax-changes-will-impact-financial-corporations-the-most-economists-1.2065325>

U.S. growth slowed sharply last quarter to 1.6% pace, reflecting an economy pressured by high rates

The nation's economy slowed sharply last quarter to a 1.6 per cent annual pace in the face of high interest rates, but consumers — the main driver of economic growth — kept spending at a solid pace.

Thursday's report from the Commerce Department said the gross domestic product — the economy's total output of goods and services — decelerated in the January-March quarter from its brisk 3.4 per cent growth rate in the final three months of 2023.

A surge in imports, which are subtracted from GDP, reduced first-quarter growth by nearly 1 percentage point. Growth was also held back by businesses reducing their inventories. Both those categories tend to fluctuate sharply from quarter to quarter.

<https://www.bnnbloomberg.ca/u-s-growth-slowed-sharply-last-quarter-to-1-6-pace-reflecting-an-economy-pressured-by-high-rates-1.2064772>

Canada pension fund's credit head wants to take advantage of leveraged buyout boom

Canada's largest pension fund plans to nearly double the size of its credit holdings over the next five years, and it's counting on an upturn in leveraged buyouts to generate some of that growth.

Andrew Edgell, global head of credit investments at Canada Pension Plan Investment Board, said the fund expects to have more than \$115 billion (US\$84.1 billion) in credit assets by 2029, compared with about \$62 billion today. Much of that will be handled by its in-house investment team, which is prepared for a thaw in the buyout market after a couple of slow years.

“There's pent-up demand. In discussions with sponsors, there's a greater sense of optimism,” Edgell said in an interview. “There's also so much dry powder that's really pushing the LBO market to get unlocked.”

[Canada pension fund's credit head wants to take advantage of leveraged buyout boom - BNN Bloomberg](#)

Documents reveal Ottawa's efforts to get Loblaw, Walmart on board with grocery code

It was evident to the federal government as early as last fall that Loblaw and Walmart might be holdouts to the grocery code of conduct, jeopardizing the project's success.

Documents obtained through access to information legislation shed new light on the federal government's efforts to convince the two retailers to sign the grocery code of conduct, with cracks appearing in the months leading up to a House of Commons meeting where the grocers said they couldn't sign the near-complete code.

“There are ongoing federal efforts to seek commitment from key players, including large retailers like Walmart and Loblaws, to participate in the code,” read a briefing note prepared on Sept. 22 for a meeting between federal agriculture and agri-food minister Lawrence MacAulay and Quebec agriculture and food minister André Lamontagne.

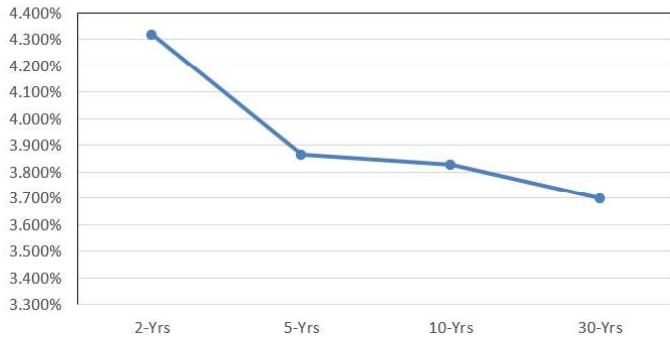
[Documents reveal Ottawa's efforts to get Loblaw, Walmart on board with grocery code - BNN Bloomberg](#)

CANADIAN MARKETS - By Andrew

I. Canadian Fixed Income

Benchmark Canada Government Bonds

CDN Yield Curve @ April 26, 2024



MG Canadian Fixed Income Top Holdings

- Government & Corporate Bonds
- Convertible Debentures
- High Yield Open End & Closed End Funds
- Rate Reset/Fixed Floater Preferreds
- Perpetual Preferreds

II. RBC DS Canadian Equity Focus List - March 2024

TD Bank, Royal Bank, Bank of Montreal, National Bank of Canada, Brookfield Corporation, Intact Financial, Canadian Imperial Bank, First Capital REIT, Element Fleet Management, Brookfield Infrastructure Partners, TELUS, Dollarama Inc., Alimentation Couche-Tard, CP Rail, Toromont Industries, Waste Connections, Thomson Reuters, WSP Global, GFL Environmental, Bombardier, Constellation Software, Shopify, Canadian Natural Resources, Suncor Energy, Pembina Pipeline, TC Energy, Nutrien, CCL Industries

III. Veritas V- list - March 2024

Agnico Eagle Mines, Altagas Ltd., Canadian Natural Resources, Canadian Pacific Kansas City, Capital Power Corp, Cenovus Energy Inc., Cogeco Communications Inc., Dollarama, Enbridge, Fortis, George Weston, Granite REIT, Great-West Lifeco Inc., Hydro One, Metro Inc., Restaurants Brands International, Rogers Communications, Tourmaline Oil Corp TransAlta Corp, Wheaton Precious Metals.

IV. News we recommend on our CDN Holdings

Market prices as of previous day close.

Bombardier Inc. (BBD.b) - Meaningful uptick in book-to-bill and backlog provide favourable backdrop to hit 2025 targets

Ranking: Outperform (RBCCM).

Price C\$61.74 Target C\$95.00

Choice Properties REIT (CHP.un) - In a good spot

Ranking: Sector Perform (RBCCM).

Price C\$13.06 - Target C\$15.00

First Quantum Minerals Ltd. (FM) - The Zambian operations are doing fine, Panama remains a key wildcard

Ranking: Outperform (RBCCM).

Price C\$16.24 - Target C\$18.00

SNC-Lavalin Group (ATRL) - 407 reports improved YoY results; \$0.226 dividend declared/paid

Ranking: Outperform (RBCCM).

Price C\$55.52 - Target C\$63.00

Teck Resources Limited (TECK.b) - Are we there yet? Not yet, stop asking

Ranking: Outperform (RBCCM).

Price C\$67.65 - Target C\$78.00

Please contact our office if you would like a copy of any of the above research reports.

Research Publications (available upon request)

- Global Insight- 2024 Outlook
- Payments, Processing, & IT Services '24 Outlook
- Global Real Estate 2024 Outlook

| 2024 Contribution Limits | Amount (\$CAD) |
|--------------------------|----------------|
| TFSA | |
| 2024 | \$ 7,000 |
| Aggregate until 2024 | \$ 95,000 |
| Aggregate until 2023 | \$ 88,000 |
| RRSP | |
| 2024 | \$ 31,560 |
| 2023 | \$ 30,758 |

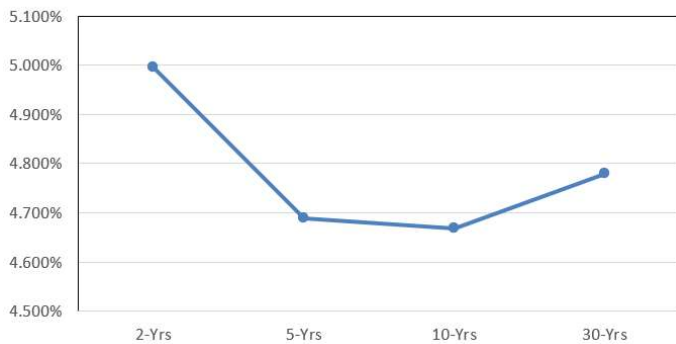


INTERNATIONAL MARKETS - By Andrew

I. US Fixed Income

Benchmark Canada Government Bonds

US Yield Curve @ April 26, 2024



MG US Fixed Income Top Holdings include

- Government & Corporate Bonds
- High Yield Open & Closed Funds
- Rate Reset/Fixed Floater Preferreds
- IShares Mortgage Plus Index (REM)

II. RBC DS US Equity Focus List - March 2024:

JP Morgan, Mastercard, S&P Global, NextEra Energy, Alphabet, NVIDIA, Walt Disney, Amazon, Home Depot, McDonalds, Nike, Johnson & Johnson, Medtronic, Thermo Fisher Scientific, United Health Group, Crown Castle Inc, Constellation Brands, Costco Wholesale, Estee Lauder, Honeywell International, Union Pacific, Xylem, Adobe, Amphenol Class A, Apple, Microsoft, Palo Alto Networks, Service Now, Chevron, Ecolab.

III. RBC DS N.A. Focus List -March 2024:

Meta Platforms Class A, Telus, Walt Disney, Amazon, Costco Wholesale, Canadian Natural Resources, Suncor Energy, TC Energy, Estee Lauder Companies, McDonald's Corporation, Bank of Montreal, Brookfield Corporation, Intact Financial, Royal Bank of Canada, TD Bank, Johnson & Johnson, Thermo Fisher, United Health Group, CP Railway, Honeywell International, Thomson Reuters, Toromont Industries, Waste Connections, Apple, Constellation Software, MasterCard, Microsoft, CCL Industries, Adobe Inc, Texas Instruments.

IV. RBC DS ADR Focus List -Feb, 2024:

GSK Plc., Vodafone Group, WPP, Alibaba, InterContinental Hotels, Sony, Anheuser-Busch InBev, Diageo, Unilever, BP plc, Shell, Barclays, HSBC Holdings, ING Groep, Prudential, AstraZeneca, Sanofi, RELX, Accenture, ASML Holdings, NICE, STMicroelectronics, BHP group plc, Linde, National Grid

V. News We Recommend on our Intl Holdings

Market prices as of previous day close

Alphabet Inc. (GOOG) - GOOGL being GOOGL.

Raising estimates and target

Ranking: Outperform (RBCCM).

Price U\$157.95 - Target U\$200.00

Dow Inc. (DOW) - Raising FY24/FY25 and PT on 1Q Beat; Maintain Sector Perform

Ranking: Sector Perform (RBCCM).

Price U\$56.44 - Target U\$57.00

Honeywell International Inc. (HON) - No

Turbulence in Honeywell's 1Q24 Beat & Reiterate

Ranking: Sector Perform (RBCCM).

Price U\$193.02 - Target U\$222.00

Microsoft Corporation (MSFT) - Strong Quarter, Capital Intensity Supports Multiyear AI Cycle

Ranking: Outperform (RBCCM).

Price U\$399.04 - Target U\$450.00

Union Pacific Corporation (UNP) - (Re)newed operating model kicking in; re-rate in the making in our view

Ranking: Outperform (RBCCM).

Price U\$243.55 - Target U\$281.00

Please contact our office if you would like a copy of any of the above research reports.

Research Publications (available upon request)

- US REITS 2024 Outlook
- Global U.S. Banks 2024 Outlook
- Healthcare Services 2024 Outlook

MUTUAL FUNDS Closed/Open- Top Holdings
-By Christopher

I. CANADIAN

Canadian Fixed Income

Canso Credit Income
Dynamic Strategic Yield
PH&N Total Return Bond Fund

Canadian Equity

Fidelity - Global Innovation/CDN Large
Cap/Growth /Special Opp
Mackenzie - Ivy CDN / Cundill
Middlefield - CDN Dividend Growers/REIT Plus
Franklin Templeton - Bissett CDN Div/CDN Equity
RBC -CDN Div/CDN Equity/ O'Shaughnessy

ETFS - Top Holdings

Canada - Fixed Income

Bonds - XBB, XCB, XGB
Preferred Shares - CPD, PSF.UN, RPF

Canadian ETF's Equity - iShares TSX Large Cap 60,
iShares Canada Equity Income, iShares Canadian
Dividend, iShares Canadian Select Dividend,
iShares TSX Small Cap, iShares TSX Composite

Canadian ETF Sectors - iShares TSX Financials,
iShares TSX REITs, BMO Equal Weight Utilities,
iShares TSX Info Tech, iShares TSX Energy, iShares
TSX Materials

II. US/INTERNATIONAL

US Fixed income

Franklin High Yield
Fidelity American High Yield

US Equity

Fidelity - American Eq/Small Cap American/Euro
Mackenzie - US Mid-Cap
Middlefield - US Div Growers / American Core
Franklin Templeton - Growth
RBC - NA Value
Dynamic - Strategic Yield

ETFS - Top Holdings

US ETF Fixed Income

US Bonds - XIG, TLT
US Preferred Shares - PFF

US ETF Equity - S&P 500, Dow Jones Index,
Nasdaq 100, S&P 500 Dividend Index, iShares Dow
Jones Select Dividend Index, Vanguard Dividend
Appreciation Index, iShares High Dividend Equity
Fund, iShares Russell 2000 Index, S&P 500 Value
Index, S&P 500 Growth Index, S&P Small Cap 600
Index

US ETF Sectors - SPDR Financial Index, iShares
Real Estate, iShares, SPDR Utilities Index, iShares
Telecom Index, SPDR Consumer Discretion, iShares
US Healthcare, iShares Nasdaq Biotech, iShares
Industrials Index, NASDAQ Index, Vanguard
Energy Index, DJ Basic Materials Index, iShares
Homebuilders Index

III. GLOBAL

GLOBAL Equity

Fidelity - Global Div/Monthly Income
GQG Partners Global Quality Equity Fund
Middlefield - Health Care/Global Div Growers
Franklin Templeton - Growth / Intl
RBC - Global Fund / Int. Div G
Dynamic - Global Value

GLOBAL ETF Equity

China ETF, Europe ETF, Germany ETF, India ETF,
iShares Emerging Mkts, iShares International
Dividend

Unique ETFs

Horizons Robotics & Automation, ETFMG Prime
Cyber Security, Blockchain Technologies, Active AI
Global Equity, Marijuana Life Sciences, Healthcare
Leaders Income, Tech Achievers Growth & Income

RBC GAM Private Markets

RBC Canadian Core Real Estate Fund
RBC Commercial Mortgage Fund
RBC Global Infrastructure Fund LP





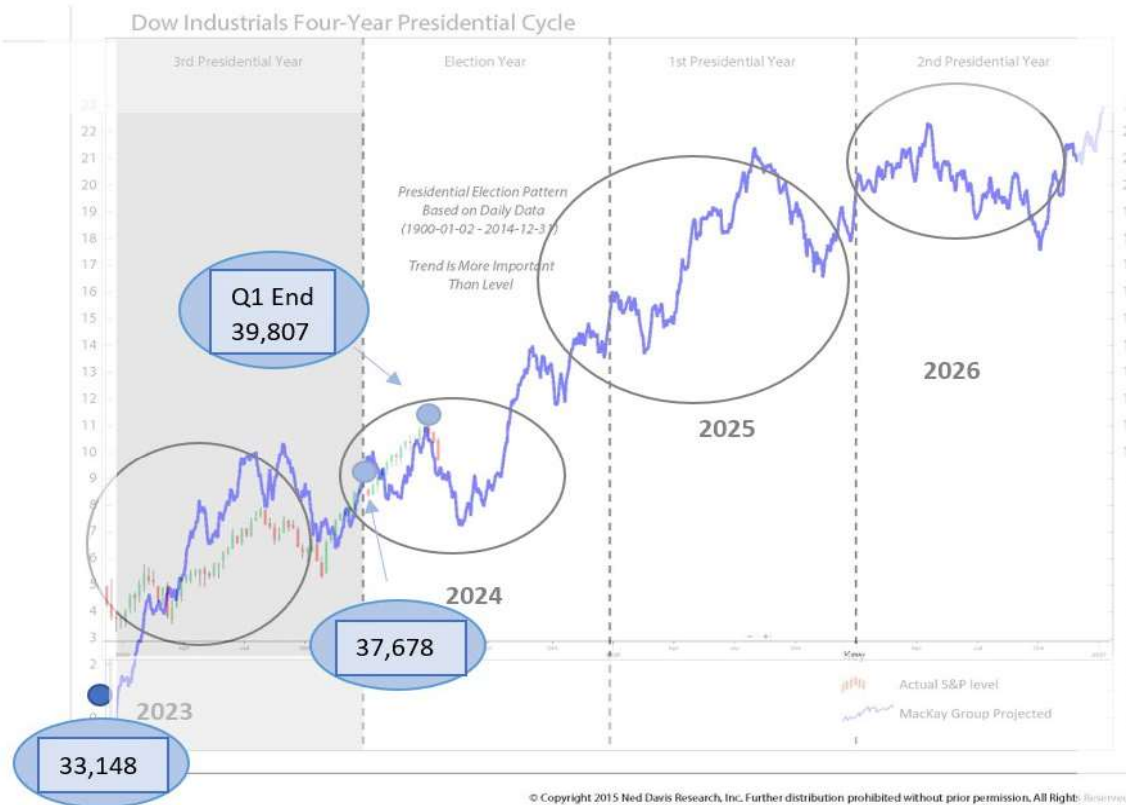
Technical Update - By Bruce

Portfolio Advisory Group

By - Ned Davis S&P500 - Sector Road Map - Good Track Record - By Bruce



Will this happen - possible?



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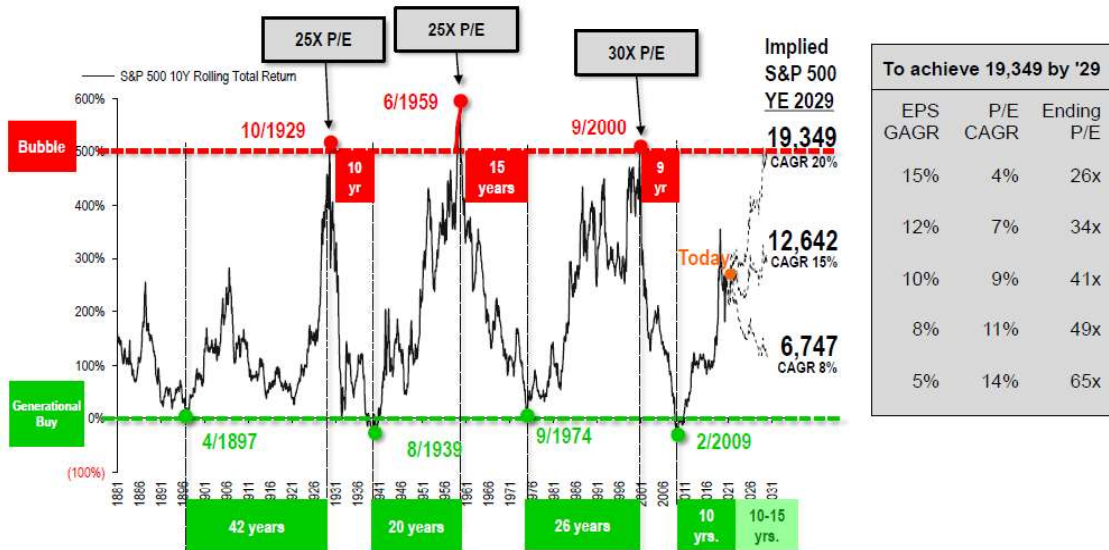
FAVOURITE CHARTS

Long-term bull markets see peak acceleration to 500% 10-yr returns

Long-term bull markets last 20-42 years and peak returns accelerate to cumulative gain 500%...

- **The current bull market has risen for 10 years and if the history plays out, S&P 500 could reach 19,000 YE 2029 vs. 3,000 now.**

Figure: 10-year rolling returns of the US equities Since 1881



Source: Fundstrat, Bloomberg.

Dow Jones Industrial Average - 1789 to Date

Stock Prices

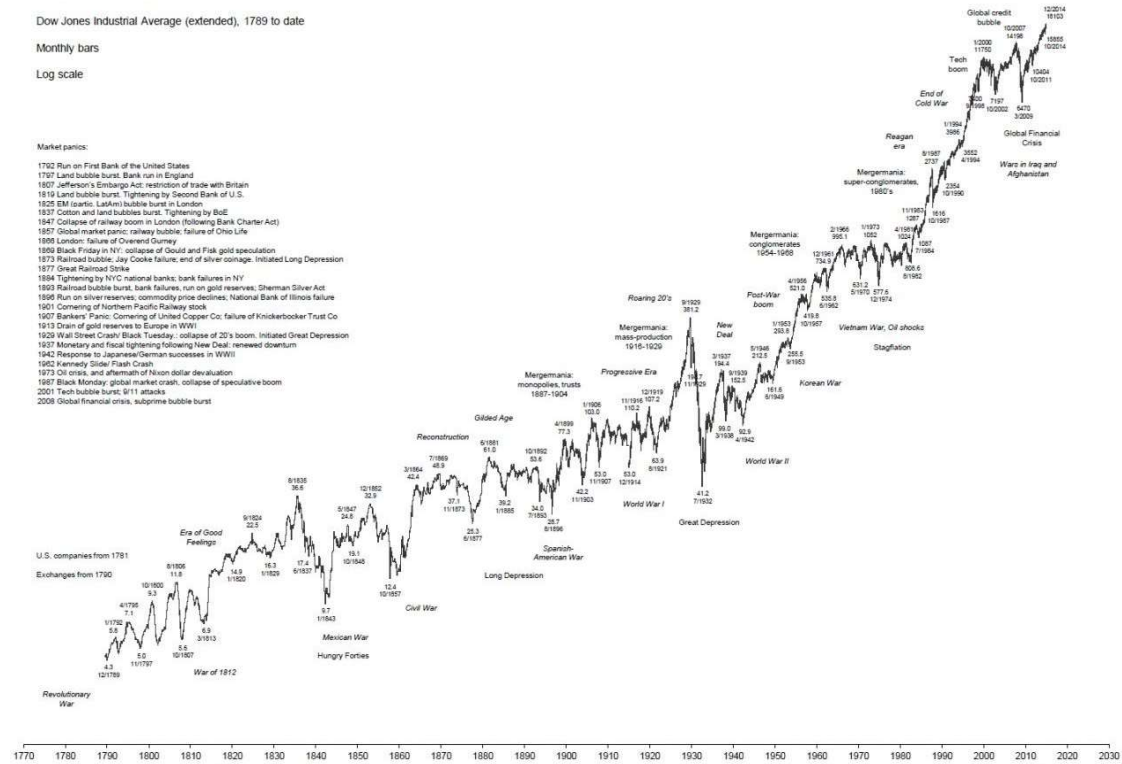
Dow Jones Industrial Average (extended), 1789 to date

Monthly bars

Log scale

Market panics:

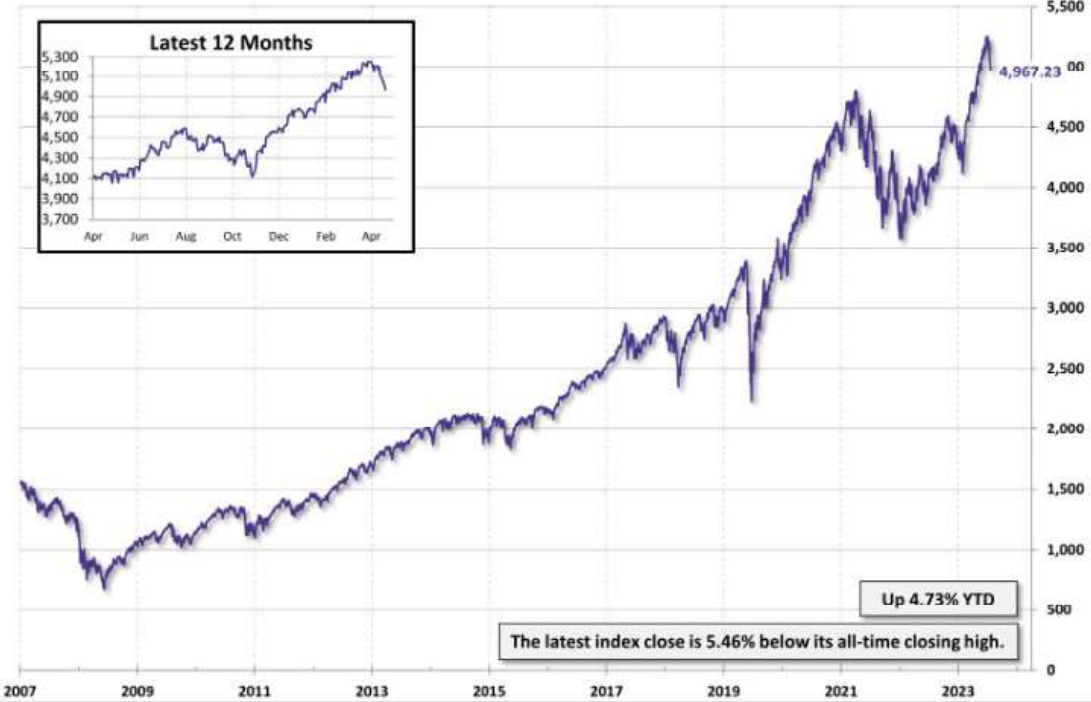
- 1702 Run on First Bank of the United States
- 1707 Land bubble burst. Bank run in England
- 1807 Jefferson's Embargo Act: restriction of trade with Britain
- 1819 Land bubble burst. Tightening by Second Bank of U.S.
- 1825 EM (austri) bubble burst in London.
- 1837 Cotton and land bubbles burst. Tightening by BoE
- 1847 Collapse of railway boom in London following Bank Charter Act
- 1847 Global market panic: railway bubble; failure of Ohio Life
- 1898 London: failure of Overend & Gurney
- 1898 Black Friday in NY: collapse of Gold and Fiat gold speculation
- 1873 Railroad bubble; Jay Cooke failure; end of silver coinage. Initiated Long Depression
- 1877 Great Railroad Strike
- 1894 Tightening by NYC; national banks; bank failures in NY
- 1893 Railroad bubble burst, bank failures, run on gold reserves, Sherman Silver Act
- 1896 Run on silver reserves; commodity price declines; National Bank of Illinois failure
- 1901 Cornering of Northern Pacific Railway stock
- 1907 Bankers' Panic; Cornering of United Copper Co; failure of Knickerbocker Trust Co
- 1913 Drain of gold reserves to Europe in WWI
- 1929 Wall Street Crash/ Black Tuesday; collapse of 20+ boom. Initiated Great Depression
- 1927 Monetary and fiscal tightening following New Deal; renewed downturn
- 1942 Response to Japanese/German successes in WWII
- 1962 Kennedy Slide/ Flash Crash
- 1973 Oil crisis, and aftermath of Nixon dollar devaluation
- 1987 Black Monday: global market crash, collapse of speculative boom
- 2001 Tech bubble burst; 9/11 attacks
- 2008 Global financial crisis, subprime bubble burst



S&P 500 Index Snapshot

April 19, 2024

Daily closes from 10/9/2007 - Present

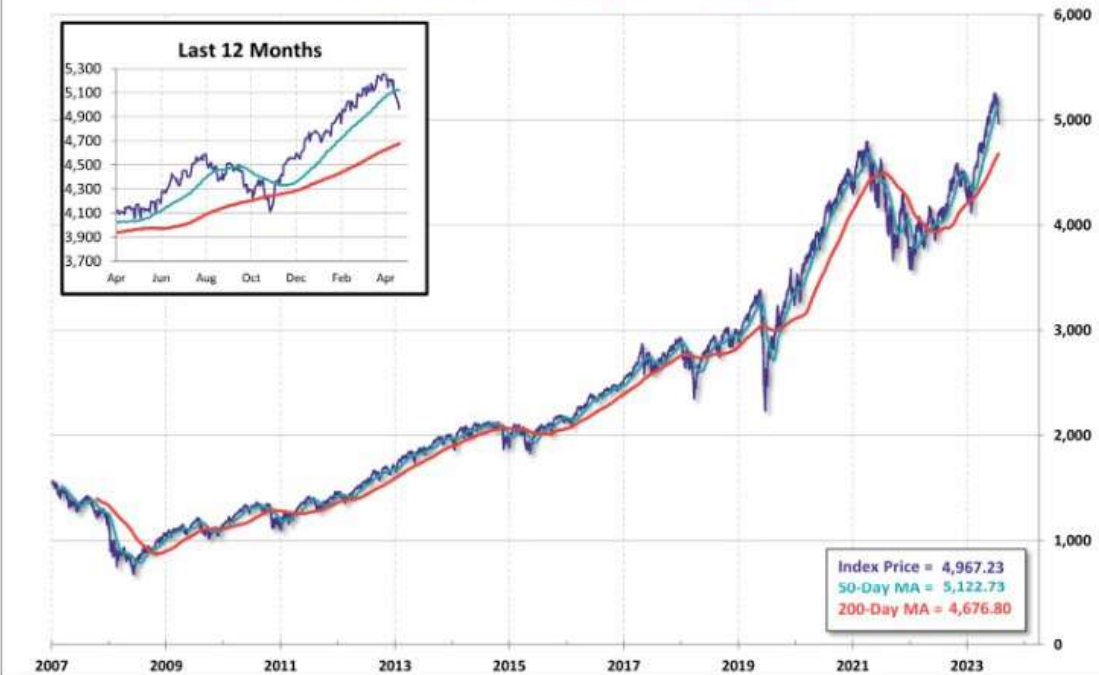


S&P 500 Index: Current Market Snapshot

April 19, 2024

Daily closes from 10/9/2007 - Present

— Current Index Price — 50-Day MA — 200-Day MA



Key Fed inflation measure rose 2.8% in March from a year ago, more than expected (cnbc.com)

| | FUTURE CHG | FAIR VALUE | IMPLIED OPEN |
|--------------------|----------------|--------------|----------------|
| S&P 500 | +55.25 | -0.83 | +56.08 |
| DJIA | +160.00 | -5.2 | +165.20 |
| NASDAQ | +232.50 | -7.0 | +239.50 |

5:31 A PACIFIC | **PERSONAL INCOME**
+0.5% VS. +0.5% EST.

Link - [Key Fed inflation measure rose 2.8% in March from a year ago, more than expected \(cnbc.com\)](https://www.cnbc.com)

S&P 500 with weekly Quadrant Balance momentum



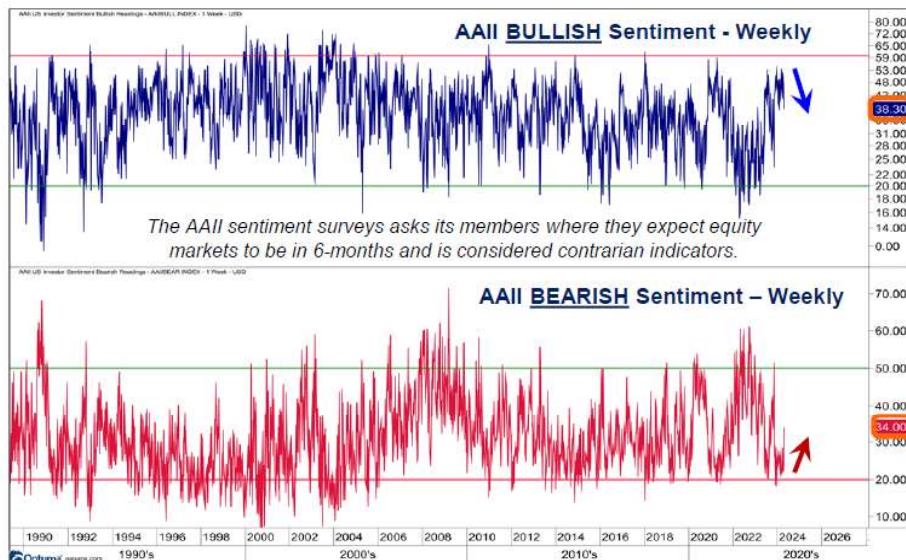
- Weekly momentum indicators, tracking 2-4+ month swings, are unwinding from overbought levels reached in early-mid Q1 and are unlikely to bottom and turn up until mid-late Q2.
- As such, we expect further choppy trading into Q2 with first support near current levels coinciding with the 100-day ma near 5000 with next support near 4818.
- Quadrant balance data continues to unwind with late Q2/early Q3 a potential bottoming zone.

Sentiment Survey Historical Data

| Reported Date | Bullish | Neutral | Bearish |
|---------------|---------|---------|---------|
| Apr 24 | 32.1% | 33.9% | 33.9% |
| Apr 17 | 38.3% | 27.8% | 34.0% |
| Apr 10 | 43.4% | 32.5% | 24.0% |
| Apr 3 | 47.3% | 30.5% | 22.2% |
| Mar 27 | 50.0% | 27.6% | 22.4% |
| Mar 20 | 43.2% | 29.6% | 27.2% |
| Mar 13 | 45.9% | 32.2% | 21.9% |
| Mar 6 | 51.7% | 26.5% | 21.8% |
| Feb 28 | 46.5% | 32.2% | 21.3% |
| Feb 21 | 44.3% | 29.5% | 26.2% |
| Feb 14 | 42.2% | 31.1% | 26.8% |
| Feb 7 | 49.0% | 28.4% | 22.6% |
| Jan 31 | 49.1% | 26.4% | 24.5% |
| Jan 24 | 39.3% | 34.6% | 26.1% |
| Jan 17 | 40.4% | 32.9% | 26.8% |
| Jan 10 | 48.6% | 27.2% | 24.2% |
| Jan 3 | 48.6% | 27.9% | 23.5% |
| Dec 27 | 46.3% | 28.6% | 25.1% |
| Dec 20 | 52.9% | 26.2% | 20.9% |
| Dec 13 | 51.3% | 29.4% | 19.3% |
| Dec 6 | 47.3% | 25.3% | 27.4% |
| Nov 29 | 48.8% | 31.7% | 19.6% |

The sentiment survey measures the percentage of individual investors who are bullish, bearish, and neutral on the stock market short term; individuals are polled from the AAI Web site on a weekly basis. Only one vote per member is accepted in each weekly voting period.

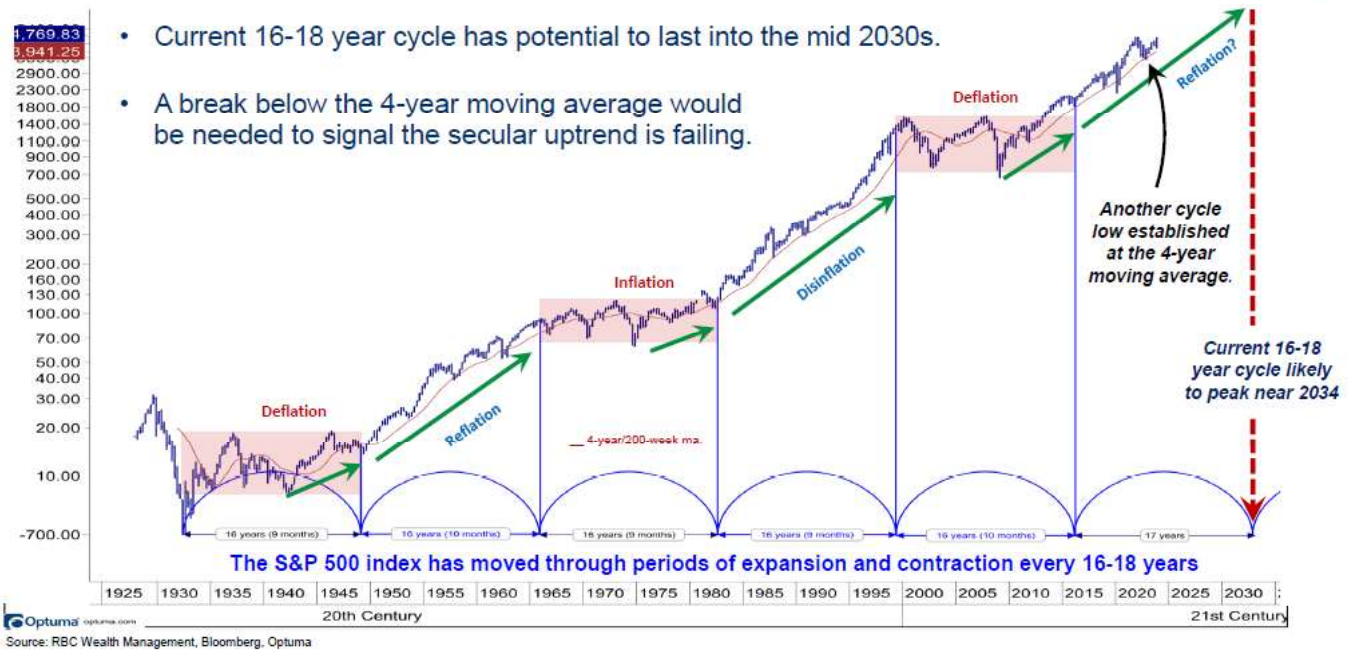
AAII US Bullish and Bearish Sentiment – Moving in the right direction



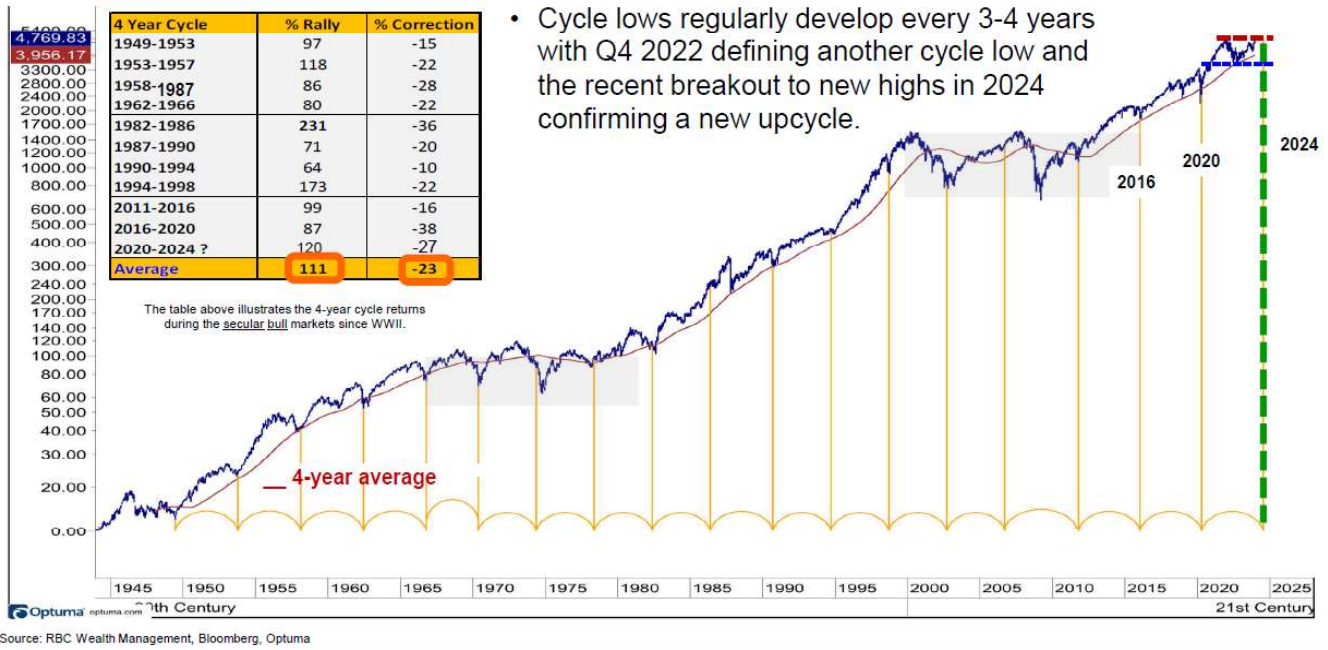
Sentiment surveys are contrarian indicators.

- Bullish sentiment is pulling back from elevated levels...
- ...while bearish sentiment is building from low levels.
- We view this data to be supportive of a pause/pullback in equity markets with further declines in bullish sentiment and a rise in bearish sentiment readings an encouraging development to support equity markets later in Q2.

S&P 500 – Generational cycles lasting roughly 16-18 years



S&P 500 - A repetitive 3-4 year cycle driven by central bank liquidity and economic growth



"I DON'T WANT TO INVEST MY MONEY NOW BECAUSE..."

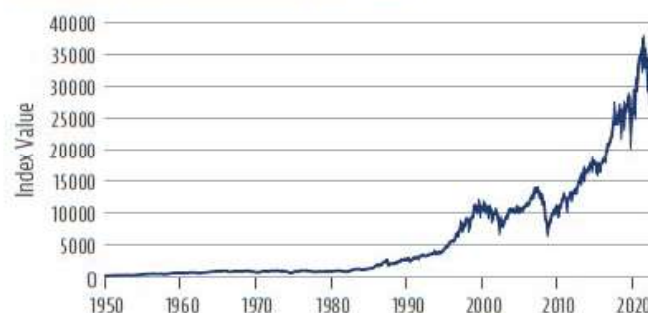


| Year* | DJIA | | |
|--------|------|--------|---|
| 1950's | 1950 | 235 | Korean War |
| | 1951 | 269 | Excess Profits Tax |
| | 1952 | 292 | U.S. seizes steel mills |
| | 1953 | 281 | USSR explodes hydrogen bomb |
| | 1954 | 330 | Dow tops 300 - "market too high" |
| | 1955 | 485 | Eisenhower has heart attack |
| | 1956 | 499 | Suez Canal crisis |
| | 1957 | 436 | USSR launches Sputnik |
| | 1958 | 584 | Recession |
| | 1959 | 679 | Castro takes over Cuba |
| 1960's | 1960 | 616 | USSR downs U-2 spy plane |
| | 1961 | 731 | Berlin Wall erected |
| | 1962 | 652 | Cuban Missile Crisis |
| | 1963 | 763 | JFK assassinated |
| | 1964 | 874 | Gulf of Tonkin Incident |
| | 1965 | 969 | Civil rights marches |
| | 1966 | 786 | Vietnam War escalates |
| | 1967 | 905 | Newark race riots |
| | 1968 | 944 | USS Pueblo seized - "market too high" |
| | 1969 | 800 | Money tightens, market falls |
| 1970's | 1970 | 839 | Conflict spreads to Cambodia |
| | 1971 | 890 | Wage & price freeze |
| | 1972 | 1020 | Large st. trade deficit in U.S. history |
| | 1973 | 851 | Energy crisis |
| | 1974 | 616 | Steepest market drop in 40 years |
| | 1975 | 852 | Clouded economic prospects |
| | 1976 | 1005 | Economy slowly recovers |
| | 1977 | 830 | Market slumps |
| | 1978 | 805 | Interest rates rise |
| | 1979 | 839 | Oil skyrockets, 10%+ unemployment |
| 1980's | 1980 | 964 | Interest rates hit all-time high |
| | 1981 | 875 | Deep recession begins, Reagan shot |
| | 1982 | 1,047 | Worst recession in 40 years, debt crisis |
| | 1983 | 1,259 | Market hits record - "market too high" |
| | 1984 | 1,212 | Record U.S. federal deficits |
| | 1985 | 1,547 | Economic growth slows |
| | 1986 | 1,896 | Dow nears 2000 - "market too high" |
| | 1987 | 1,939 | The Crash - Black Monday |
| | 1988 | 2,169 | Fear of recession |
| | 1989 | 2,753 | Junk bond collapse |
| 1990's | 1990 | 2,634 | Gulf War worst market decline in 16 years |
| | 1991 | 3,169 | Recession, "market too high" |
| | 1992 | 3,301 | Elections, market flat |
| | 1993 | 3,754 | Businesses continue restructuring |
| | 1994 | 3,834 | Interest rates are going up |
| | 1995 | 5,117 | "The market is too high" |
| | 1996 | 6,448 | Fear of inflation |
| | 1997 | 7,908 | "Irrational Exuberance" |
| | 1998 | 9,374 | Asia Crisis |
| | 1999 | 11,497 | Y2K |

| Year* | DJIA | | |
|--------|------|--------|--|
| 2000's | 2000 | 10,787 | Technology Correction |
| | 2001 | 10,021 | Recession, World Trade Center attack |
| | 2002 | 8,342 | Corporate Accounting Scandals |
| | 2003 | 10,454 | War in Iraq |
| | 2004 | 10,783 | U.S. has massive trade and budget deficits |
| | 2005 | 10,718 | Record oil & gas prices |
| | 2006 | 12,463 | Housing bubble bursts |
| | 2007 | 13,265 | Sub-prime mortgage crisis |
| | 2008 | 8776 | Banking and credit crisis |
| | 2009 | 10,428 | Recession, "credit crunch" |
| 2010's | 2010 | 11,578 | Sovereign debt crisis |
| | 2011 | 12,218 | Eurozone crisis |
| | 2012 | 13,104 | U.S. fiscal cliff |
| | 2013 | 16,577 | Federal Reserve to "taper" stimulus |
| | 2014 | 17,823 | Oil prices plunge |
| | 2015 | 17,425 | Chinese stock market sell-off |
| | 2016 | 19,763 | Brexit, U.S. presidential election |
| | 2017 | 24,719 | Stocks at record highs; bitcoin mania |
| | 2018 | 23,327 | Trade wars, rising interest rates |
| | 2019 | 28,538 | Trade war escalation, stocks at record highs |
| 2020's | 2020 | 30,606 | COVID-19 crisis and recession |
| | 2021 | 36,338 | Decades high inflation |
| | 2022 | 33,147 | Aggressive rate hiking cycle |

Source: DJIA - Dow Jones Industrial Average * Dec. 31 close

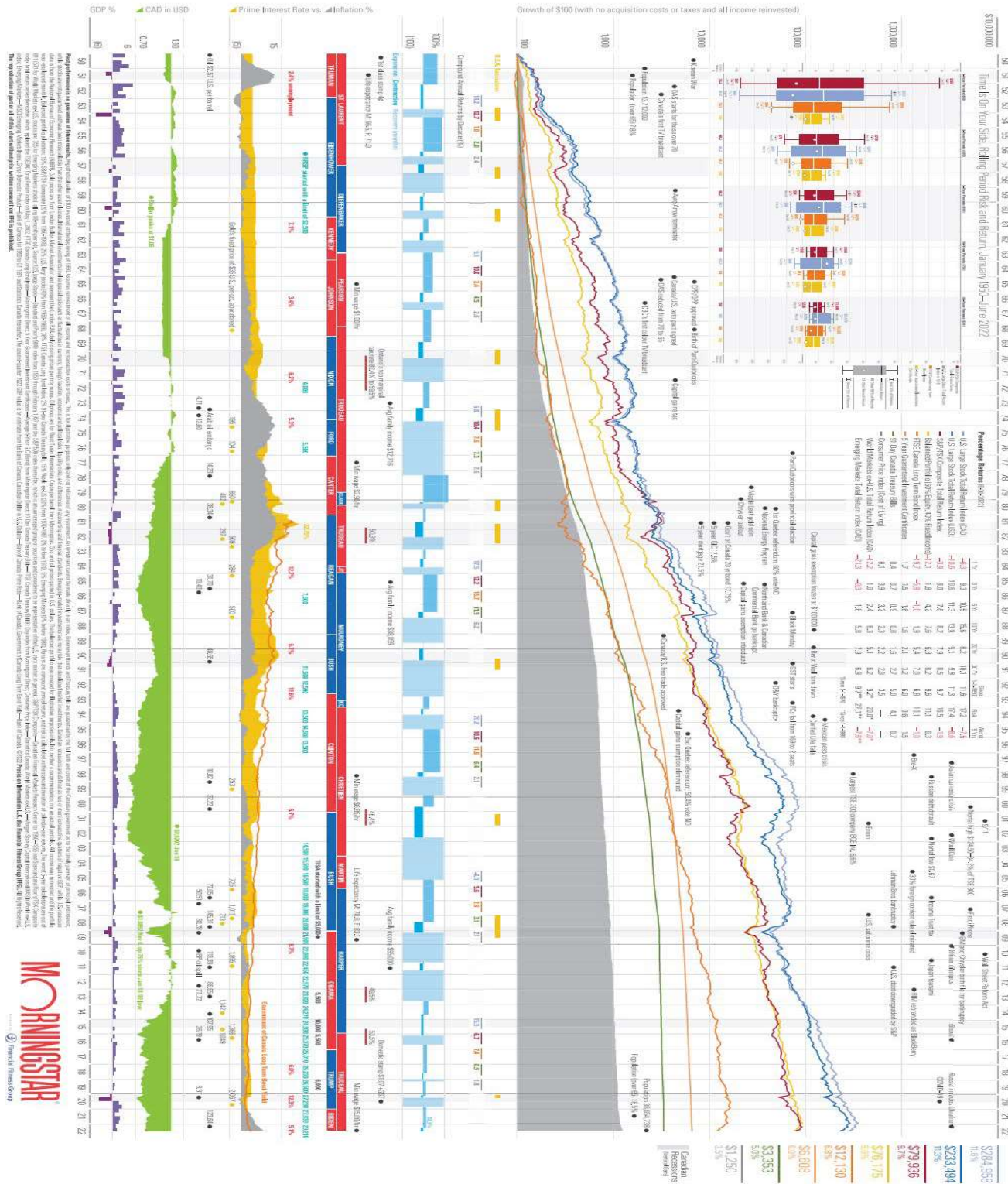
DOW JONES INDUSTRIAL AVERAGE: 1950 - 2022



Source: Bloomberg Finance L.P.

Andex Chart

The Andex Chart tracks the performance of \$100 invested over a 72-year period in different types of investments amid the context of significant historical, political, economic and social developments. It helps you consider current events through a long-term lens and, as a result, make informed investment decisions. Each coloured line in the Andex Chart represents the performance of a different investment type or asset class. While each type of investment has charted an upward course over time, their movements differed under the same economic circumstances, underscoring the importance of diversification.



MACKAY GROUP WEALTH MANAGEMENT

Introduction Serving over 300 families and friends since 1981. We provide the investment solutions you need to achieve specific goals, whether investing for yourself, family, your business or your organization.

Our Team Helping to provide comprehensive wealth management is an extensive team of professionals, including Portfolio Managers, Financial Planners, Estate Planning Specialists, Consultants, Tax Strategists and Research Analysts.

THE MG WEALTH MANAGEMENT APPROACH

- 1: Learning about each other
- 2: Developing your personalized IP investment plan.
- 3: Putting your plan into action
- 4: Integrating complementary wealth services
- 5: Taking care of your lifelong needs
- 6: Monitoring and reporting results

Portfolio Management Highlights:

1. Learning about each other. Questionnaire on investment needs, objectives, and risk.
2. Investment Policy Statement. The IPS statement expresses your personal investment objectives in a document to guide the content of your portfolio, including making decisions, reporting on progress and regularly reviewing your objectives.
3. Action Plan. Detailed proposal to get us started.
4. Reviewing all our Wealth Management services including a financial plan and estate plan.
5. Taking care of lifelong needs, including creating detailed income projections.
6. Monitoring and reporting results. Ongoing portfolio analysis, reviews and prompt service.

- ✓ Investment Policy Statement (IPS)
- ✓ Portfolio Valuation Report
 - Asset Allocation, Income Projection, Rate of Return, Capital Gains/Loss
- ✓ Tax reporting, T5 and T3 etc. (See kit)
- ✓ RBC CM Quarterly Strategy, MG Weekly Newsletter, Focus List and Stock of the Day

ACCOUNTS & SERVICES WE OFFER

Investment Account, Options, Equity Credit Line, Corporate, Holding Co., Charitable Foundation, Tax Free Savings Account (TFSA), Registered Education Savings Plan (RESP), Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Individual Pension Plan (IPP), DS Family Trust Acct, Registered Charity Gift of Stock Acct, Annual Tax-Assisted Flow-Through Share Program

PORTFOLIO MANAGEMENT PROGRAMS

Our team manages clients' portfolios on an individual basis. Portfolios are custom designed to meet your personal objectives. Investment disciplines used include asset allocation, geographic & sector diversification and risk management to maximize your portfolio returns. Programs include:

1. Private Investment Management - PIM our premium level of discretionary wealth management. Highlights include: Freedom, custom portfolio, segregated securities, IP statement, asset mix for life stage, model portfolio tracking, growth and income needs, risk tolerance, top & bottom up management.

2. Professional Discretionary Investment Portfolios. A+ Investment Program: is our institutional level platform with 40+ Investment Manager choices. Global money managers including Beutel Goodman, Franklin Bissett, Guardian, Jarislowsky Fraser, RBC GAM, Caldwell, Brandes, & Franklin Templeton.

3. Professional Non-Discretionary Management - Advisor our premium level of non-discretionary investment wealth management. Highlights include: Discussion on each investments, custom portfolios, IP statement, asset mix, growth & income needs, risk tolerance, top & down management.

Management fees are tax deductible for non-registered accounts.

4. Traditional Transactional based accounts.

Available for special situation accounts.

Advantages of Annual Management Fee Program.

- ✓ Premium money market and bond rates
- ✓ mutual funds with lower management fees
- ✓ Hedging through use of option strategies
- ✓ Easier tax planning - tax loss switches
- ✓ Stop loss + Re-entry without extra fees to average into and out of stock positions
- ✓ No transaction commission places the focus on merits of investing instead of its cost.
- ✓ Fee % decreases as value increases

INVESTMENT VEHICLES WE USE:

Allocation includes CDN, US, and International

| | |
|---------------------------------------|------------------------|
| Fixed Income | Equity Income & Growth |
| MM, GICs | Small Cap. |
| Bonds, Converts | Medium Cap. |
| Preferreds | Large Cap. |
| High Income | Balanced |
| ETFs & Mutual Funds (open and closed) | |



COMPREHENSIVE WEALTH MANAGEMENT STRATEGIES - By Kristi and Kyle

1. Financial Planning

Our Financial Planning Consultant provides solutions for simple or complex financial planning:

- Comprehensive financial plan
- Addressing all aspects of your financial affairs
- Including cash and debt management
- Tax and investment planning
- Risk management
- Taxation of the corporation at death and more.
- Retirement and estate planning
- Business succession
- Withdraws from corporation tax- effectively

2. Insurance Planning

As estate planning specialist, they will focus on:

- Personal and corporate insurance solutions to increase your net worth and reduce the impact of taxation.
- He can also ensure your wealth is transferred to your heirs in accordance with your wishes.

Insurance Strategies include:

- Whole life, Term Life
- Long Term Care
- Keyperson Insurance
- Corporate Estate Bond
- Critical Illness
- Insured Annuity

3. Wills & Estate Planning

Our Will and Estate Consultant offering information on structuring your estate in an efficient and tax-effective manner, providing you with a report outlining various estate planning issues:

- To explore in further detail with your own lawyer or accountant
- Valid & Current Wills for All in Family
- Use of living trusts
- Planned Gifting
- Reduce the taxes and expenses of an estate
- Simplify and speed the transition of assets to the next generation
- Ensure that your beneficiaries are protected.
- Different types of Power of Attorney

4. Tax Planning

A number of solutions that can simplify the tax planning process including;

- Tax-efficient charitable giving
- Family income splitting strategies
- Eligible Retiring Allowance
- LIRA Conversion to LIF/RLIF
- 2015 Home Buyer's Plan Withdrawals
- Consider Paying Yourself a Bonus
- Sale of Private Business Shares
- US Estate Tax Planning for Canadians

5. RBC Estate & Trust Services, Royal Trust

It provides individuals, families and businesses with valuable estate, trust and incapacity services:

- Assistance in the preservation, management and transfer of wealth between generations by providing solutions to implement clients' estate and trust plans
- Professional and impartial expertise in delivering estate and trust services
 - Strong history and legacy in managing fiduciary businesses
 - Professionals who have technical and practical experience
 - Compassion and understanding of the client's family's experience

6. RBC Premier Banking and Private Banking

Premier Banker works as a single point of contact providing banking and credit solutions for select clients of Wealth Management Canada and their families. Tailored banking & credit package to complement the best in class investment management and wealth planning.

- Providing one of RBC's most comprehensive banking packages – special rates, exclusive cross border package, high daily access limits on cash withdrawals and direct payments, RBC Avion Visa Infinite Privilege Card with a \$120 rebate off the annual fee and more.

THE MACKAY GROUP TEAM COMMENTS

Our Mission

"To provide our clients superior investment advice, products and service at MacKay Group Wealth Management RBC Dominion Securities since 1981."

Portfolio Management

Bruce-Senior Portfolio Manager/Investment Advisor

Portfolio Management & Team Management

We'll review your investment portfolios, offer second opinions and proposals. Introduce you to our expanded team of Wealth Management professionals and the full range of services we offer.

Andrew - Associate Portfolio Manager & Wealth Advisor

Portfolio Management & Research

Proper portfolio construction is the key to meeting your financial goals. The variety of investment choices can be daunting. Let our team help simplify the approach, narrow your focus, mitigate tax, and plan for financial success throughout retirement.

Christopher - Associate Advisor

Portfolio Management & Research

I will work with you and our team to manage your accounts, provide recommendations, identify opportunities and assist with client service to ensure all your needs are met.

Research

Waras - Associate

Portfolio Administration & Research

We are especially proud of our MacKay Weekly & Focus List, Stock of the Day research and RBC Wealth Management Research. Let me know if you would like to receive additional research.

Administration

Melissa - Associate Advisor

Senior Portfolio Administration

Is your account information up to date - including investment objectives & risk parameters, beneficiary information, dividend reinvestment plan, monthly payment plan and banking information?

Shannon -Senior Associate

Portfolio Administration

Have you topped up your TFSA? RSP? RESP? I will work with you to make sure you maximize your portfolio.

Business Development and Wealth Management

Kristi - Associate Wealth Advisor

Over 100 of our clients and their families have found tremendous value in having a Financial Plan, Will & Estate Consultation and Insurance review.

Estate + Financial Planning Advisors

Ted Chan, Financial Planner

Available to create a comprehensive financial plan.

Ariel-Charles Guigui, Will and Estate Consultant

Available for information on structuring your estate.

Prashant Patel, Tax Consultant

Solutions that can simplify your tax planning.

Andrew Sipes, Estate Planning Specialist

To review you estate and insurance plans.

Karen Snowdon-Steacy, Senior Trust Advisor

Provide with valuable estate and Royal Trust services.

RBC Banking

Kyle - Associate Advisor

Having worked in RBC Private banking, I am able to help clients with their banking needs as well as our many investment wealth products and services.

Melissa R Rodrigues, Insurance Specialist

Conducts Personal Risk Assessment to provide holistic personal advice.

Jacqueline Calleja, Premier Banking

Provide banking and credit solutions for our clients.

Learn more about - RBC WM Canada Charitable

Gift program

Please let us know if you have a charity you would like us to support.

Charities we support in 2023 - Trillium Health Partners, Canadian Wildlife Federation, Toronto Public Library, JNF, ABC Life Literacy, Canadian Canoe Museum, Merry-Go-Round Children's Foundation, Ontario Track III, Camp Winston, Royal Ontario Museum, Reena, Erin Oaks Kids, Alzheimer's & Dorothy Ley Hospice.

MacKay Group Wealth Management

www.mackaygroup.com

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Toronto Ontario, M5J 2T3

Telephone: 416-842-7120

Available to meet at all RBC branch locations, like Etobicoke, Mississauga, Collingwood, Muskoka Etc.



Wealth Management
Dominion Securities

Disclaimer

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The model portfolio reflects the actual investment recommendations (buys, sells) of the strategy as they were communicated historically; however, a number of implementation assumptions (which may include but are not limited to the timing and diligence with which the portfolio is rebalanced, the execution price for securities transactions, and any trading and account related costs, fees, or commissions) have been made when calculating the model returns that may be difficult or impossible for any investor to exactly replicate the model portfolio. For this reason, there is no expectation that the model returns will perfectly replicate the actual performance of any client following the same guided portfolio strategy. 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