

MacKay Weekly Investment Report

WEEK ENDING FRIDAY, DECEMBER 16, 2022

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*MacKay Group Wealth Management. Our mission is to provide our clients superior investment advice, products and service.
Serving clients and friends at RBC Dominion Securities Inc. – a member of RBC Financial Group since 1983.*

HOW I SEE IT – by Bruce

Hiking should be over/Next bull market/ Feds alone.

Every time the Feds speaks markets selloff -perhaps they should stop- years ago we didn't need a play-by-play call of their actions. Option expiry week – familiar pattern.

Positives: **AAll investor sentiment survey** - 24.3% bullish / 31.1% neutral / 44.6% bearish - bullish sentiment remains below its historical average of 37.5% for the 50th consecutive week (It will break out one day). **RBC WM -Tom Porcelli** - "The big issue that makes it hawkish is that the Feds forecast put the terminal rate at 5.1% for 2023 from 4.6% at the September meeting - for the record we think this hiking cycle should be over right now. The Fed is fighting yesterday's war on inflation, we are building in 2 cuts for 2023, 3 cuts 2024 , 4 cuts in 2025, assuming 25 basis each. **Brian Westbury** -" Greatest headwind in 2023 should be lower profits. We expect **next Bull market** to be prolonged and strong but for the time being economy still needs to pay the price for massive artificial stimulus the 2020 to 2021 - part of this bill came due this year and the rest comes due in 2023." **Professor J. Siegel** -Fed making a terrible mistake - Inflation is over- Powell has been wrong - bulk of monetary policy has yet to be felt - Fed way too tight - no reason to go higher and keep rates high in 2023 -this will cause very steep recession - commodities, gas, housing, cargo, shipping, lumber, aluminum, and now rents are lower and Costco now says food prices are easing - Money supply, since March, has had the biggest drop since World War II, 85 years, and is slamming brakes on economy and stocks (is this creating the set up for the next bull market -probably) - stocks should surge 15% next year after Fed realizes it's won the war on inflation." **Dr. Ed Yardeni**-" FOMC sees rates headed higher for longer but a soft economic landing remains in the cards. Inflation peaked in June. Santa Claus rally should continue unless the Fed gets in the way (they have now). The bubble in everything has burst without

dire consequences so far. Surprisingly, it's been a relatively smooth transition back to the old normal from the new normal. " **Tom Lee**.- on Tuesday –" lagged CPI finally reality of rapidly falling inflation = less pressure on Fed = YE rally. We don't think the Fed needs to increase rate 75 basis points. Market saying Fed might be done after December. " **Jim Paulson**. -" We don't need Fed meetings , we're not getting any more information and it's creating a lot of volatility. Fed is lonely at the highest point of yield curve as everything is moving away from it. Fed is unsustainable and should be done soon and cut rates in 2023. The good news is , lots of things are easing, even though the Fed isn't. Things like -Fiscal policy deficit as a percentage of GDP , US dollar, bond yields, mortgage spreads, junk bond spreads, commodity prices -all dropping. Companies are benefitting from lower commodity prices, lower capital costs and labor costs -all simulative affects . Consumer is seeing gas prices down ,real wages have increased after dropping for 1.5 years. Fed has made a mistake . lots of other stimulus out there in economy. "

Negatives: Fed – the volatility from each meeting - big issue that makes it hawkish is that the Feds forecast put the terminal rate at 5.1% for 2023 from 4.6% of September meeting. **RBCWM**- we could easily have a recession in to 2Q and 3Q- aggressive hiking cycle is going to cause some damage. **Brian Westbury**-" Fed downshifted to a smaller rate hike- isn't close to done - path to fight inflation will bring volatility and short-term pain to financial markets. Expect markets will end year largely flat from where we are today. Economic medicine is bitter as part of price we paid for the policy mistakes made over the past few years.

Stocks this week: STZ, MI.UN, WSP, KO & ALA

Investment strategy: In a bear market, everyone loses, and the winner is the one who loses the least . **Richard Russell**.

Have a nice weekend. Bruce

4 key dates for investors to mark in their 2023 calendars

Investors eager to put 2022 behind them can turn their attention to a new year of opportunity. From a tax perspective, opportunity knocks four times in 2023, giving average Canadians the chance to keep more of their tax dollars in their pockets.

All four can be used as part of a broader tax strategy that can save thousands of dollars over the long run. It can get complicated depending on your individual circumstances, so it might be best to discuss them with a qualified advisor or tax professional.

<https://www.bnnbloomberg.ca/4-key-dates-for-investors-to-mark-in-their-2023-calendars-1.1860280>

Global recession risks rise as central banks raise rates

Major central banks this week signaled their willingness to countenance a global recession in 2023 as they promised to raise borrowing costs further in their ongoing battle against sky-high inflation.

After each increased rates by a half percentage point, the heads of the Federal Reserve, the European Central Bank and the Bank of England all said more increases are likely next year even as they acknowledged that their economies were weakening.

The mounting risk is that an even greater tightening of monetary policy on top of the biggest squeeze in four decades will undermine demand and hiring so much that it forces the world economy to slump next year, so soon after the pandemic-driven contraction.

"We're just on the edge of a global recession," said Ethan Harris, head of global economics research at Bank of America Corp.

<https://www.bnnbloomberg.ca/global-recession-risks-rise-as-central-banks-raise-rates-1.1860263>

Shell Canada snapping up gas stations in preparation for energy transition

After announcing its purchase of 56 gas stations from the parent company of Sobeys Thursday, Shell Canada is on the lookout for other potential acquisitions as it seeks to grow its retail fuel footprint across the country.

"We're always looking," said Kent Martin, general manager of mobility for the Canadian subsidiary of British energy giant Shell plc, in an interview.

"If there's other sites and other networks that are a good fit not only for the Shell mobility business but our integrated business, we certainly are looking at those."

Shell Canada and Sobeys parent Empire Co. Ltd. announced Thursday Shell's acquisition of 56 Empire-owned gas stations in Western Canada, for about \$100 million in cash.

<https://www.bnnbloomberg.ca/shell-canada-snapping-up-gas-stations-in-preparation-for-energy-transition-1.1860002>

Mortgage stress tests unchanged amid housing headwinds

Canada's banking regulator and the federal government maintained requirements that homebuyers are able to qualify for their mortgages at rates higher than what banks are offering them, prioritizing financial stability over helping the country's declining housing market.

Borrowers seeking uninsured mortgages will still have to qualify for their loans at a rate two percentage points higher than the bank's offered rate or 5.25 per cent, whichever rate is higher at the time, the Office of the Superintendent of Financial Institutions said Thursday. That means homebuyers today will have to show they can afford loans at interest rates of more than 7 per cent, with mortgage rates at major commercial banks exceeding 5 per cent.

The federal government maintained an identical requirement for insured mortgages, or those where the down payment is less than 20 per cent of the purchase price. With uninsured mortgages, down payments have to be at least 20 per cent.

<https://www.bnnbloomberg.ca/mortgage-stress-tests-unchanged-amid-housing-headwinds-1.1859738>

Despite recession fears, tourist spending is expected to grow in 2023

International visitors boosted spending in the world's most-visited cities this past year and were one of the keys contributors to driving their recovery, according to the Top 100 City Destinations Index 2022, a report released on Dec. 13, from independent market research firm Euromonitor International.

Travelers spent more this year in the places they visited. This "inbound" tourism spending—from transcontinental and inter-regional visitors—has increased by 112 per cent compared to 2021, in spite of inflation. Globally, tourist spend per trip is showing a 13 per cent increase at current 2022 prices, with an average spend of US\$1,331 per arrival worldwide. For 2023, total tourist spend is projected to exceed US\$1.4 trillion dollars globally. Excerpts from the report were shared with Bloomberg ahead of its release.

Euromonitor International's index, published annually, looks at the performance of the world's top 100 cities across six key categories: economic and business performance, tourism performance, tourism infrastructure, tourism policy, health and safety, and sustainability.

<https://www.bnnbloomberg.ca/despite-recession-fears-tourist-spending-is-expected-to-grow-in-2023-1.1859322>

Christmas Markets In Ontario | 13 Festive Fairs to Visit This Season

'Tis the season to be jolly and spend your days strolling through the many holiday markets Ontario offers. Whether you're looking for gifts, festive food, or just a place to soak in all the Christmas spirit, there's a market waiting for you, and we have the top Christmas markets in Ontario waiting for you to discover!

We suggest you find the closest Xmas markets to you from the list below and discover just what the holiday season in Ontario is all about.

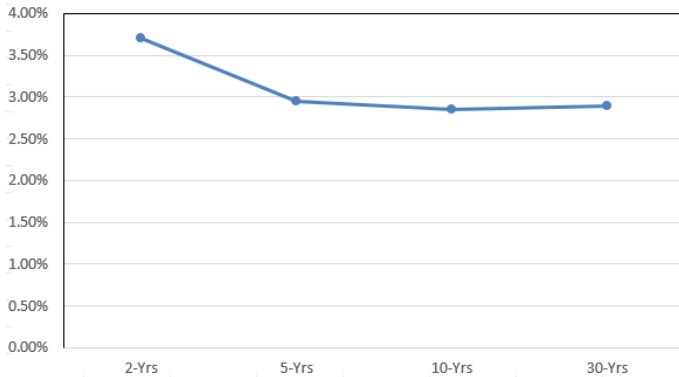
<https://roadtripontario.ca/christmas-markets-in-ontario/>

CANADIAN MARKETS - By Andrew

I. Canadian Fixed Income

Benchmark Canada Government Bonds

CDN Yield Curve @ Dec 16, 2022



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 - Dec 2022

TD Bank, Royal Bank, CIBC, Bank of Montreal, National Bank of Canada, Brookfield Asset Mgmt, Intact Financial, First Capital REIT, Element Fleet Mgmt, 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, Cenovus Energy, Pembina Pipeline, TC Energy, Nutrien, CCL Industries, Wheaton Precious Metals

III. Veritas V- list - Nov, 2022

Alimentation Couche-Tard, Arc Resources, Bank of Nova Scotia, Barrick Gold Corp., Canadian Natural Resources, Canadian Pacific Railway, Canadian Western Bank, Capital Power Corp, Congeco Cable, Enbridge, George Weston, Hydro One, Linamar, Manulife Financial, Metro, Restaurants Brands International, Riocan REIT, SPDR Gold Shares, Suncor Energy, Telus, TFI International Inc., TransAlta Corp and WSP Global Inc.

IV. News we recommend on our CDN Holdings

Market prices as of previous day close.

TransAlta Corporation (TA) - Heading into the new year, we remain positive on TA's stock (our sector's Dark Horse stock pick in our 2023 Global Energy Outlook), supported by what we view as conservative 2023 guidance

Ranking: Outperform (RBCCM).

Price C\$12.82 - Target C\$16.00

Transalta Renewables Inc. (RNW) - Based on management's outlook, we see an eventual dividend cut; reducing PT to \$12

Ranking: Outperform (RBCCM).

Price C\$11.91 - Target C\$12.00

Empire Company Limited (EMP.a) - Bringing home the bacon: FQ2 solid, close to in line, non-operating gains boost bottom line

Ranking: Sector Perform (RBCCM).

Price C\$36.06 - Target C\$48.00

Enghouse Systems Limited (ENGH) - Q4 above RBC/consensus

Ranking: Outperform (RBCCM).

Price C\$ - Target C\$.00

First Quantum Mineral Ltd. (FM) - Unable to reach agreement with Panamanian government on royalty and tax deal

Ranking: Sector Perform (RBCCM).

Price C\$27.57 - Target C\$40.00

Franco-Nevada Corporation (FNV) - Cobre Panama mine operations ordered to shut down; negative

Ranking: Outperform (RBCCM).

Price U\$137.78 - Target U\$160.00

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

Research Publications (available upon request)

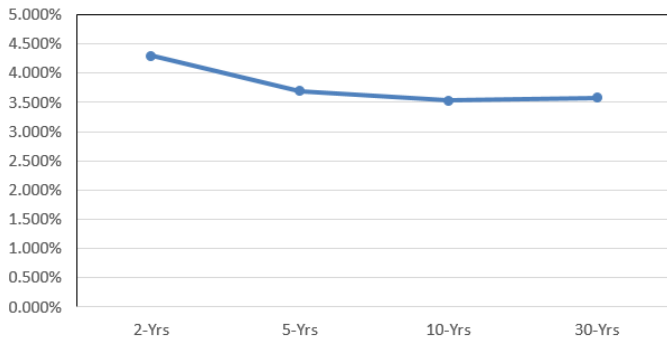
- Global Insight- 2022 Outlook
- RBC Strategy CDN Focus List: Fall 2022
- RBC Imagine - Best Ideas for long term

INTERNATIONAL MARKETS – By Andrew

I. US Fixed Income

Benchmark Canada Government Bonds

US Yield Curve @ Dec 16, 2022



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 – November 2022:

JP Morgan, US Bancorp, Duke Energy, NextEra Energy, Alphabet, Walt Disney, Amazon, Home Depot, McDonalds, Starbucks, CVS Health, Johnson & Johnson, Medtronic, Merck & Co, Thermo Fisher Scientific, United Health Group, Crown Castle International, Constellation Brands, Costco, Honeywell International, Xylem, Apple, Mastercard, Microsoft, Nvidia, Palo Alto Networks.

III. RBC DS N.A. Focus List – September, 2022:

Alphabet, Telus, Walt Disney, Amazon, Home Depot, Constellation Brands, Costco Wholesale, Canadian Natural Resources, Cenovus Energy, TC Energy, Brookfield Asset Management, CIBC, Intact Financial, Royal Bank of Canada, TD Bank, U.S. Bancorp, Johnson & Johnson, Thermo Fisher, United Health, CP Railway, Honeywell International, Thomson Reuters, Toromont Industries, Waste Connections, Apple, Constellation Software, Mastercard, Microsoft, CCL Industries, Crown Castle International.

IV. RBC DS ADR Focus List – August, 2022:

Grupo Televisa, Vodafone Group, WPP, Alibaba, InterContinental Hotels, Sony, Anheuser-Busch InBev, Diageo, Unilever, BP plc, Shell, Barclays, HSBC, ING Groep, Prudential, AstraZeneca, Sanofi, Smith & Nephew, ABB, Accenture, GDS Holdings, NICE, STMicroelectronics, BHP, Linde, National Grid

V. News We Recommend on our Intl Holdings

Market prices as of previous day close

Adobe Inc. (ADBE) - Delightfully uneventful; Q4/22 review

Ranking: Outperform (RBCCM).

Price U\$328.71 - Target U\$395.00

Tesla, Inc. (TSLA) – Rethinking the case for TSLA and 4Q22 delivery preview

Ranking: Outperform (RBC CM).

Price U\$157.67 - Target U\$225.00

Emerson Electric Co. (EMR) Postcards from Toronto: Takeaways from CEO Meetings

Ranking: Outperform (RBC CM).

Price U\$95.25 - Target U\$110.00

Xylem Inc. (XYL) - Deck(er) the Halls; CEO Dinner Takeaways

Ranking: Outperform (RBC CM).

Price U\$110.64 - Target U\$114.00

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

Research Publications (available upon request)

- Global Insight- 2022 Outlook
- RBC GAM – Global Investment Outlook
- RBC CM – Top 30 Global Ideas for 2022

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

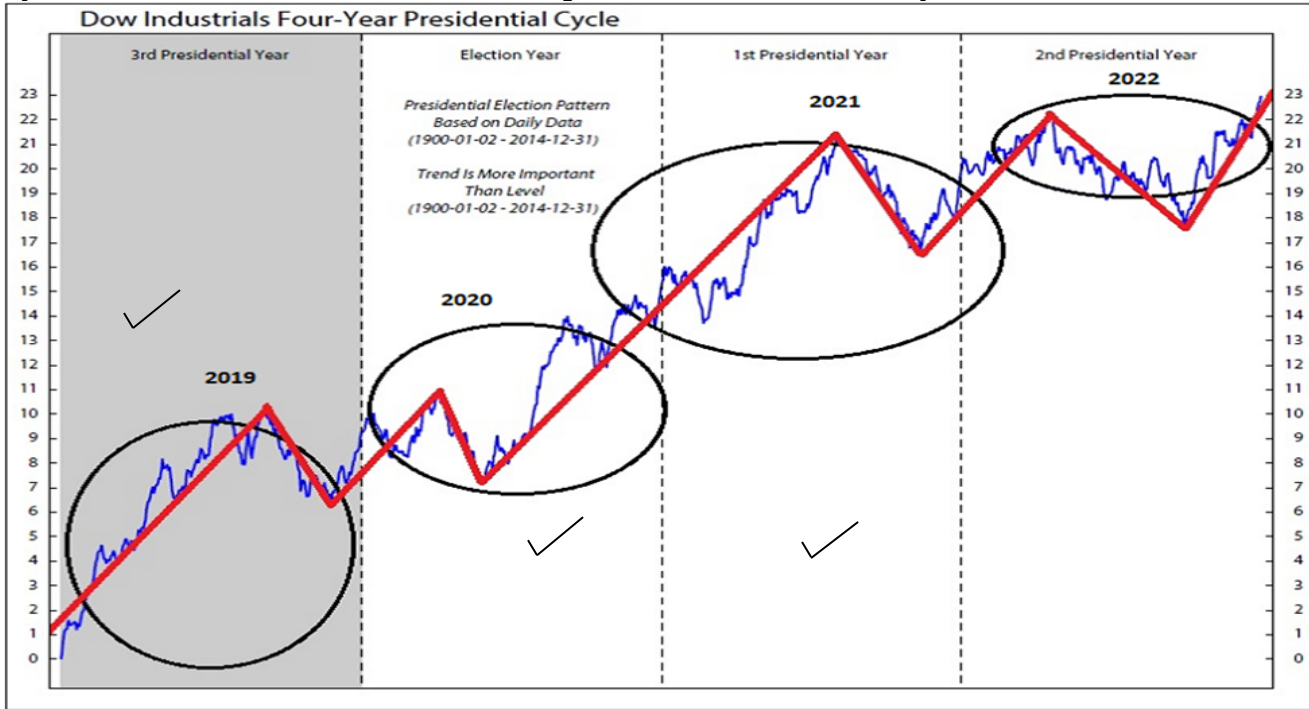




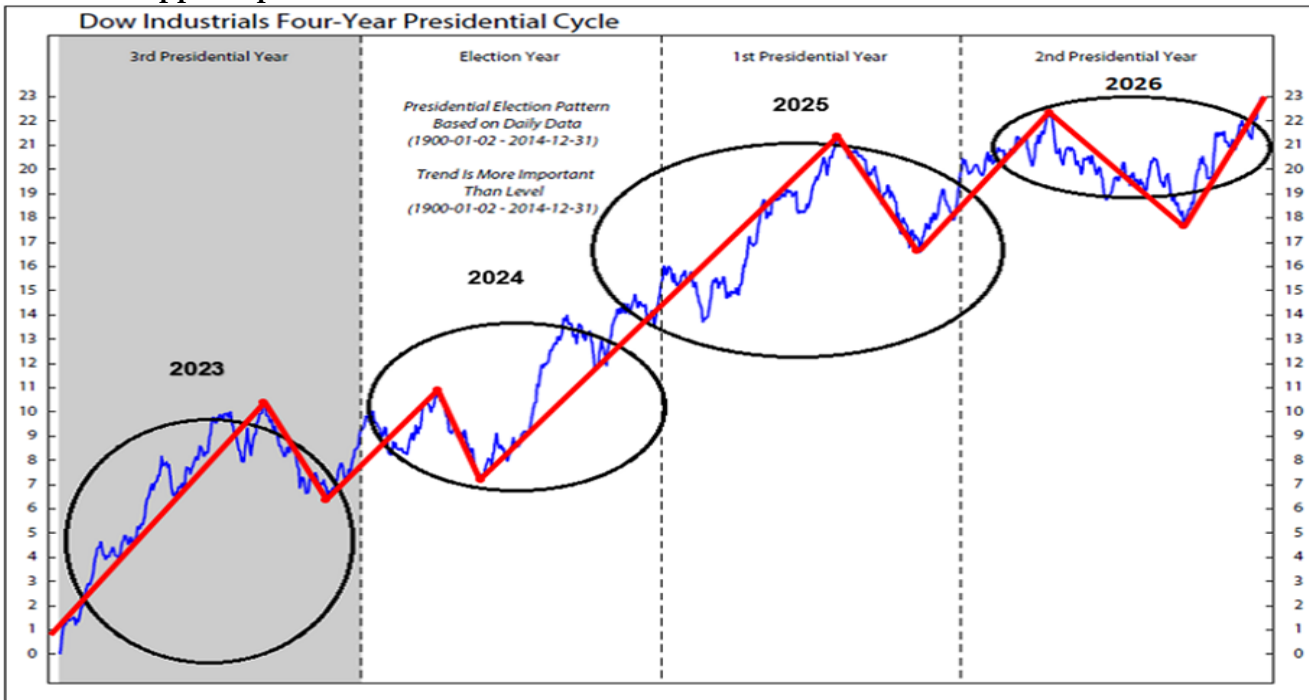
Technical Update - By Bruce

Portfolio Advisory Group

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



Will this happen - possible?



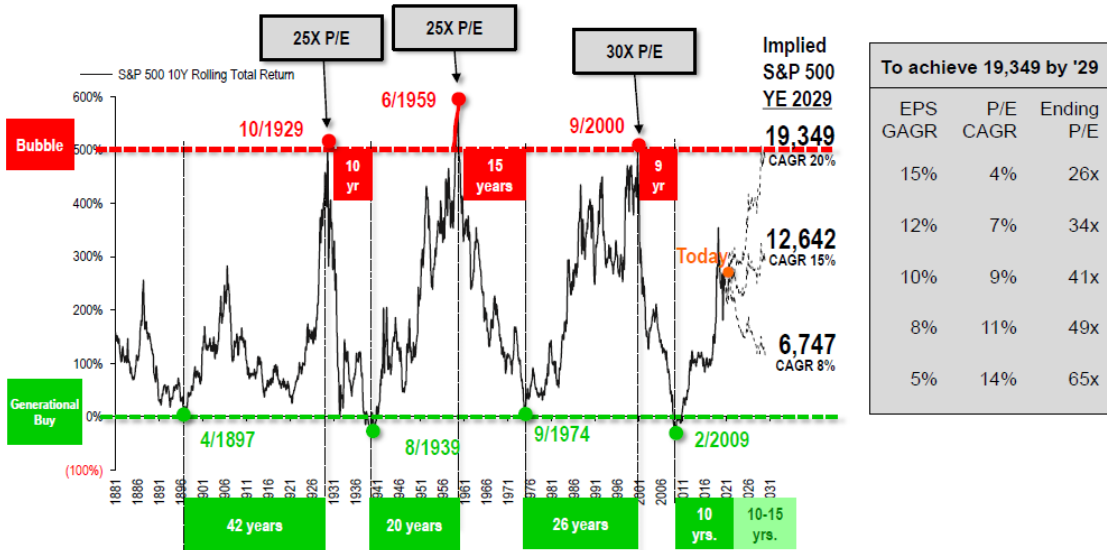
FAVOURITE CHARTS

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

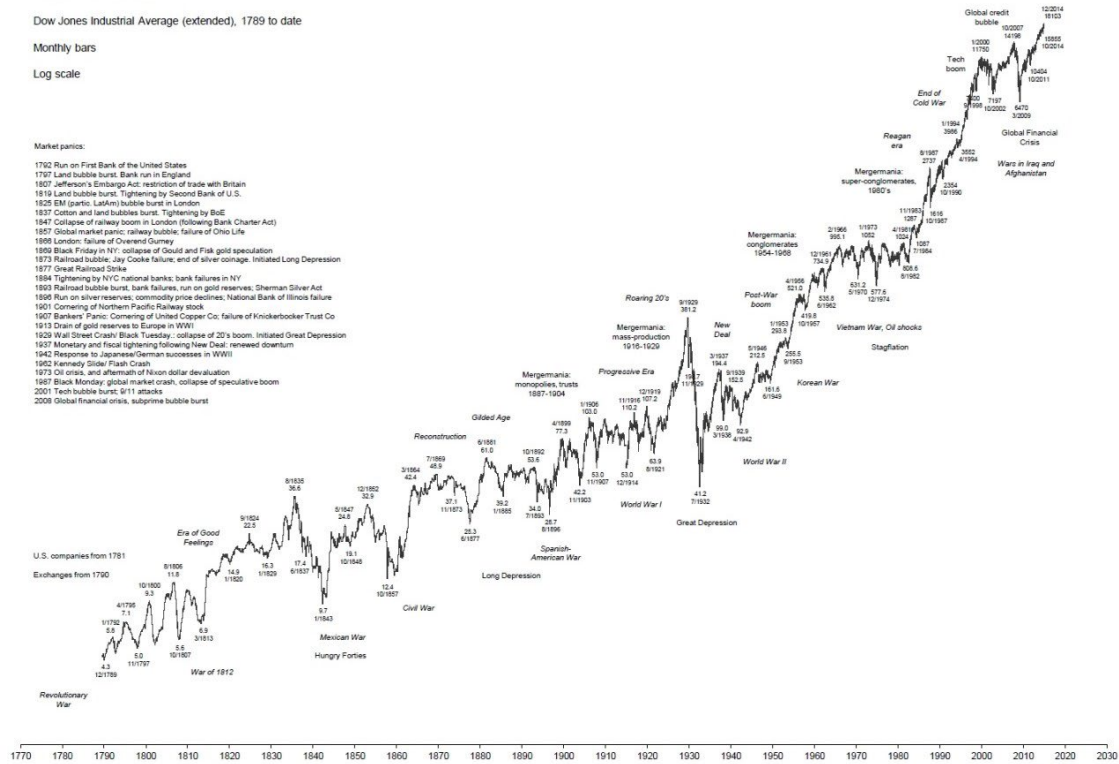
Dow Jones Industrial Average (extended), 1789 to date

Monthly bars

Log scale

Market panics:

- 1792 Run on First Bank of the United States
- 1797 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 (paris); LaAm) bubble burst in London
- 1837 Cotton and land bubbles burst; Tightening by B&E
- 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 Gould and Fish 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
- 1982 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



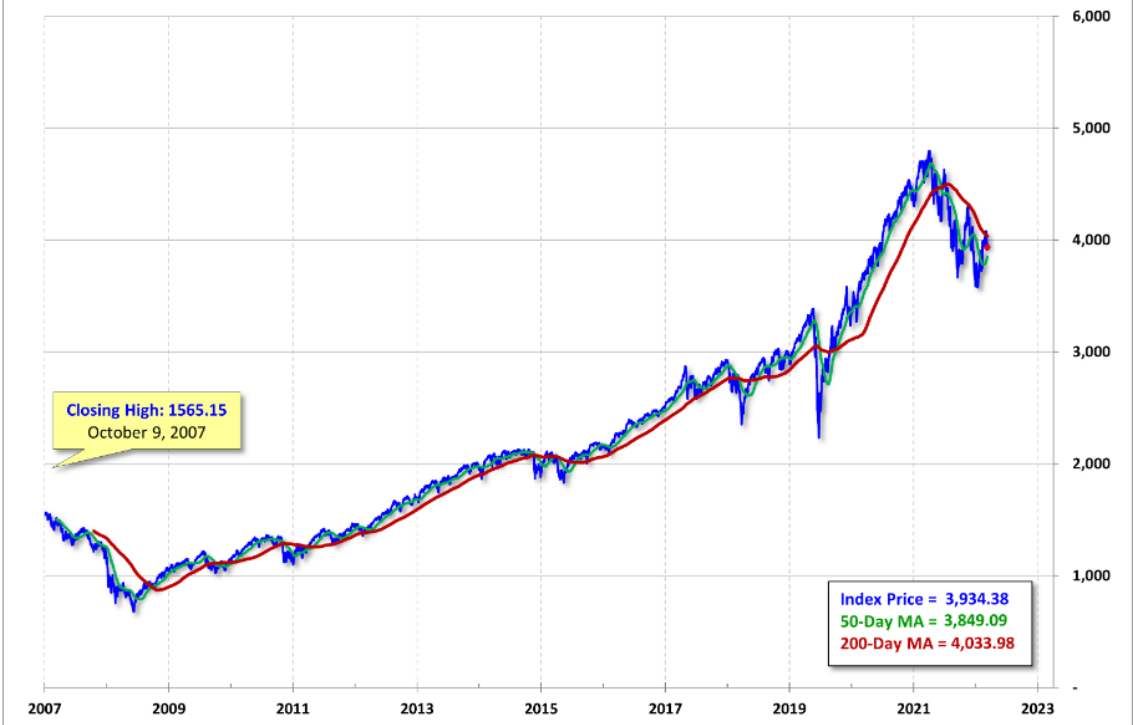
S&P 500 Index: Log Scale Snapshot

Daily closes from 10/9/2007 - Present



S&P 500 Index: Current Market Snapshot

Daily closes from 10/9/2007 - Present

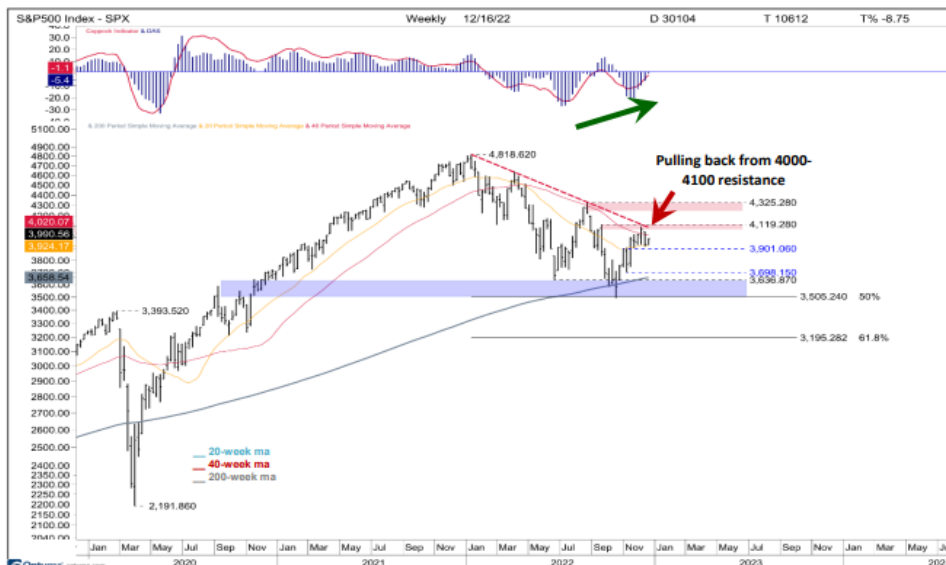


Stephanie Link, chief investment strategist at Hightower Advisors, joins CNBC's 'Squawk Box' to break down potential investment opportunities ahead of the market open on Friday.



Link to the video - <https://www.cnbc.com/video/2022/12/16/its-time-to-start-nibbling-at-market-opportunities-says-hightower-advisors-stephanie-link.html>

S&P 500 Index – Weekly



- Weekly momentum, tracking multi-month swings, continues to build to the upside and would require a decline of over 8% to turn negative. This data suggests further upside into Q1.
- The S&P has stalled under resistance at a band between its 40-week/200-day ma at 4020 and its red dashed downtrend line near 4100, with next resistance near 4177 followed by 4325.
- Support begins at 3900 followed 3700 then the 200-week ma at 3652.

Source: RBC Wealth Management, Bloomberg, Optima

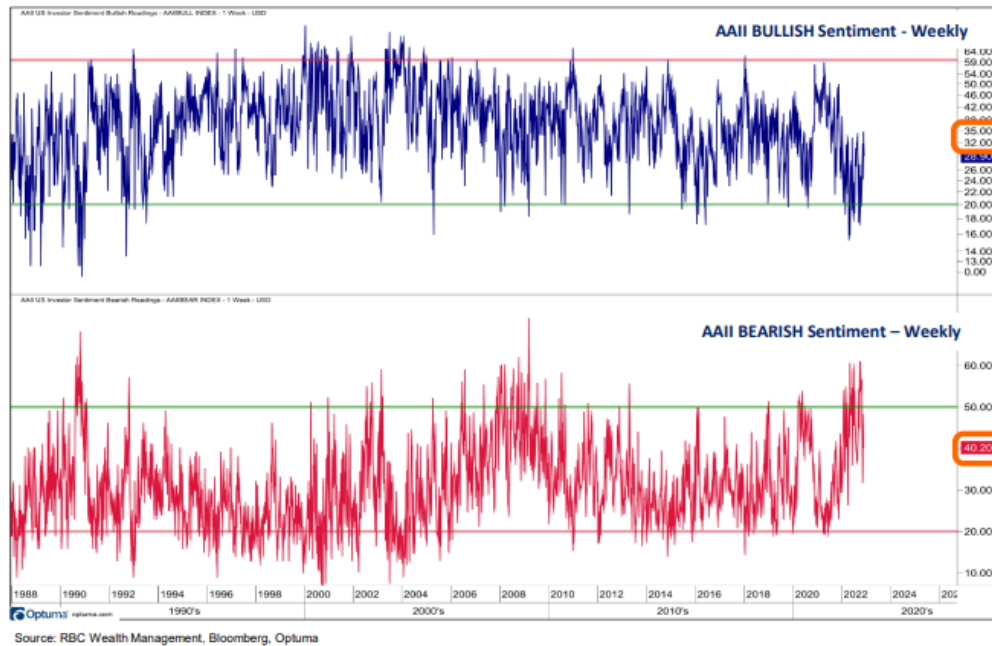


American Association of Individual Investors

Reported Date	Bullish	Neutral	Bearish
Dec 14	24.3%	31.1%	44.6%
Dec 7	24.7%	33.5%	41.8%
Nov 30	24.5%	35.1%	40.4%
Nov 23	28.9%	30.9%	40.2%
Nov 16	33.5%	26.3%	40.2%
Nov 9	25.1%	27.9%	47.0%
Nov 2	30.6%	36.5%	32.9%
Oct 26	26.6%	27.7%	45.7%
Oct 19	22.6%	21.2%	56.2%
Oct 12	20.4%	23.7%	55.9%
Oct 5	23.9%	21.3%	54.8%
Sep 28	20.0%	19.2%	60.8%
Sep 21	17.7%	21.4%	60.9%
Sep 14	26.1%	27.9%	46.0%
Sep 7	18.1%	28.7%	53.3%
Aug 31	21.9%	27.7%	50.4%
Aug 24	27.7%	29.9%	42.4%
Aug 17	33.3%	29.5%	37.2%
Aug 10	32.2%	31.2%	36.7%
Aug 3	30.6%	30.6%	38.9%
Jul 27	27.7%	32.2%	40.1%
Jul 20	29.6%	28.2%	42.2%



AAII US Investor Bullish and Bearish Sentiment (contrarian indicators)



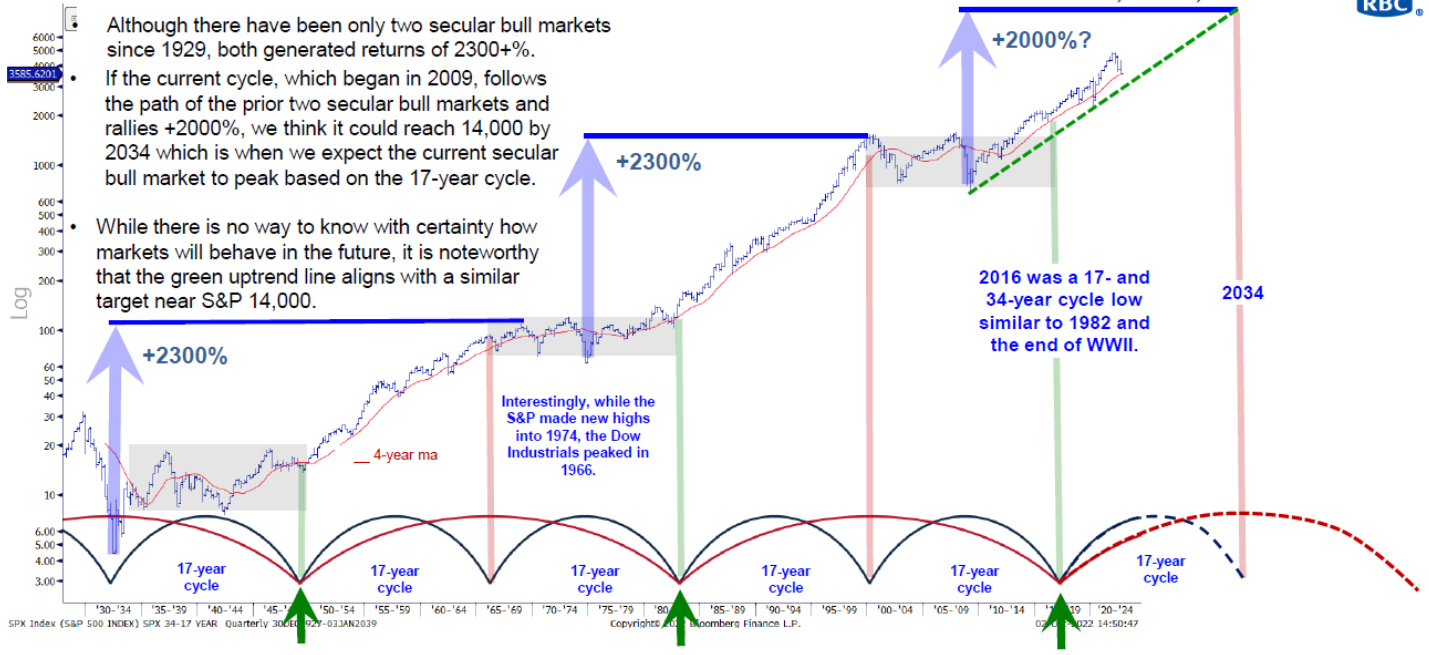
- (+) AII Bullish Sentiment is improving from tactical extremes not seen since the 1990s.

...while...

- ...(+) AII Bearish Sentiment dropped again last week from the elevated levels seen in the spring and summer of 2022.

- These sentiment indicators are viewed to be contrarian, with current levels often developing around important market lows.

S&P 500 – Could the S&P rally to 14,000?



S&P 500 and a repetitive 4-year cycle – 2024 likely the next up cycle



4 Year Cycle	% Rally	% Correction
1949-1953	97	-15
1953-1957	118	-22
1958-1962	86	-28
1962-1966	80	-22
1982-1986	231	-36
1987-1990	71	-20
1990-1994	64	-10
1994-1998	173	-22
2011-2016	99	-16
2016-2020	87	-38
2020-2024 ?	120	-
Average	111	-23

US equity markets have established a cycle low roughly every 4 years, generally driven by liquidity from central banks and the corresponding response by the economy and corporate earnings. While not a 100% perfect cycle, such as in 1986-1987 and 2006-2008, we believe the pattern repeats regularly enough to consider when investing, with average upside of +110% and average decline of -23%. Interestingly, the current cycle peaked after a 120% rally and has corrected back to important support at its 200-week ma.

We continue to feature this chart to highlight that, based on the 4-year cycle, a new upcycle is unlikely until late 2023/early 2024.

This suggests 2023 is likely to remain choppy/sideways before a new upside acceleration develops.

In theory, the next up cycle is likely in 2024 based on the 4-year cycle suggesting a choppy trading range through much of 2023.

The table above illustrates the 4-year cycle returns during the secular bull markets since WWII.

The 3 bull and bear cycles during the 1970s averaged +65% and -33% respectively and are not included in the table above

Major cycle lows have developed roughly every 4 years since WWII

“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	Largest 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

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

DOW JONES INDUSTRIAL AVERAGE: 1950 - 2021



Source: Bloomberg Finance L.P.

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 Private Banking Premier

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 Investment 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?

Sophia – Administrative Assistant

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.

Kyle – Associate

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.

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

Melissa R Rodrigues, Insurance Specialist

Conducts Personal Risk Assessment to provide holistic personal advice.

Jacqueline Calleja, Anya Hilger, Premier Banking

Provide banking and credit solutions for our clients.

MacKay Group & RBC Foundation

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

Charities we support in 2022 - 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

Brookfield Place

181 Bay Street, Suite 2200

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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