

# MacKay Weekly Investment Report



WEEK ENDING FRIDAY, MAY 25, 2018

[WWW.MACKAYGROUP.COM](http://WWW.MACKAYGROUP.COM)

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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.*

**Closer to Solution/ 2019 Earnings Catch Up/Rates +**  
US equity markets flat this week going into their long weekend. CDN equities up slightly due to energy and financials. May - a good month so far.

**Positives:** Politics continue to rock markets – we get closer to a solution on tariffs and trade - latest US tactics to exert pressure on NAFTA negotiations which have hit a deadlock. CDN bank earnings season underway – Royal & TD beat estimates – RY reported Q2 net income 9% YoY, ROE of 18.1% - solid results, underpinned by positive loan growth, stable to higher net interest margins, benign credit losses and strong cost controls – with generally upbeat CDN growth and employment backdrop. OPEC may decide to ease oil supply curbs in June – we don't want oil prices too high like 2008. Bond prices suffer - usually good for equities. Listen to Jim Paulsen – “Valuations, while down from peak in January at 23.5 P/E are still relatively the same as bond yields have increased – expect earnings to continue to grow and equities to remain flat in 2018 as P/E should be closer to 16X – economy super good and profits spectacular – should lead us into a strong 2019 year for equities – likes cyclicals & materials, energy, industrials and technology”. Trump signs biggest rollback on bank rules since Dodd Frank. Rate hikes expected to continue in US – US nominal GDP (Real GDP growth plus inflation) is up 4.8% in the past year and up to a 4.4% annual rate in past 2 years, well above current Fed funds target of 1.625%. 10-Year Treasury is about 145 basis above the funds rate – banking system is chock full of excess reserves – record amounts of capital – no bubbles in financial system – corporate balance sheets are in fantastic shape – larger increases possible (B Wesbury). Earnings estimates by most analysts of S&P 500 expect consensus for 2019 at roughly \$170 per share means P/E of 14, 16, 18, 20 of 2,580, 2,720, 3,060 & 3400 –3060 up 12% (Yardeni).

**Negatives:** Politics getting in the way of good earnings. Clients getting impatient when markets are flat. US tax cuts – how will they be financed. Full employment and job shortages – is this peaking. Higher interest rates & inflation can squeeze margins. US mortgage rates hitting 5 year highs - mortgage applications dropping and housing starts slumping as expansion is second longest at 107 months. Recession is once again far from the mainstream consensus forecast. Long end of CAD yield curve inverts for the first time since 2007 on May 17. Political posturing and stock market volatility has had conventional wisdom in a state of near-constant worry this year.

**Investment Wisdom:** “Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.” – Paul Samuelson

**PORTFOLIO MANAGEMENT-Week's Highlights**

**Stock of the Days:** ABT, MU, MEG, SPOT

**New Issues:** INE

Have a great weekend. Bruce

Exchange	24-May-18	YoY	MoM
S&P/TSX	16,113.62	4.6%	4.1%
DJIA	24,811.76	17.7%	3.3%
S&P 500	2,727.76	12.9%	3.5%
Nasdaq	7,424.43	19.6%	6.0%
FTSE 100 Index (UK)	7,716.74	2.6%	3.9%
DAX Index (Germany)	12,855.09	1.8%	2.4%
Hang Seng Index (HK)	30,760.41	20.0%	0.4%
Nikkei 225 (Japan)	22,437.01	13.2%	0.7%
Shanghai 180 (China)	8,197.90	7.6%	-0.5%

**MacKay Weekly Investment Report Contents:**

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## THIS WEEK'S NOTES & QUOTES - News and Opinions Worth Repeating

### **Earnings Signal Remains Bullish for Stocks – Dr. Ed's Blog – Dr. Ed Yardeni**

... As long as the economy is growing, I like to think of the implied S&P 500, derived by multiplying forward earnings by 15.0, as the underlying signal that determines the direction of the stock market. The actual S&P 500 is driven by the signal and buffeted around that signal by "noise."

Currently, the signal is very strong thanks to Trump's tax cuts. Also contributing to the strong signal is solid global economic growth, which has been bullish for the earnings of commodity companies, especially in the energy sector. The noise recently has been mostly about Trump's protectionist threats, which already seem to be dissipating. There is also some noise about a pickup in inflation, which remains subdued. Fed officials have provided a relatively steady signal about their intention to normalize monetary policy in a gradual fashion, as confirmed by the latest minutes of the FOMC. (Chapter 13 in my book is all about predicting corporate earnings. Chapter 14 is all about predicting valuation.) ...

<http://blog.yardeni.com/2018/05/earnings-signal-remains-bullish-for.html>

### **3 Misconceptions about Interest Rates – A Wealth of Common Sense – Ben Carlson**

We're finally in a rising interest rate environment (I think) after 10-12 years of predictions that rates had nowhere to go but up. Price drives narratives in the markets and the direction of interest rates is no different. Anything is possible but no one has a clue where rates are heading. I can't predict where things will go next but I can provide some context around interest rates that investors may be missing. Here are three misconceptions about interest rates right now:

Misconception #1. Rising short-term bond yields spell doom for the stock market.

Misconception #2. Things were easier for investors when nominal interest rates were higher

Misconception #3. Rising mortgage rates spell doom for the housing market. ...

<http://awealthofcommonsense.com/2018/05/3-misconceptions-about-interest-rates/>

### **Nassim Taleb: How Frequent The Profit Is Irrelevant; It Is The Magnitude Of The Outcome That Counts – The Acquirer's Multiple – Johnny Hopkins**

Here's a great investing lesson by Nassim Taleb from his book *Fooled by Randomness*. Similarly to Michael Mauboussin in [this](#) article, Taleb makes the point that it's not how frequently you profit from your investments that important, it's the magnitude of the outcome that counts. Here's an excerpt from the book:

The general press floods us with concepts like bullish and bearish as these mean to refer to the effect of higher (bullish) or lower (bearish) prices in the financial markets. But also we hear people saying "I am bullish on Johnny" or "I am bearish on that guy Nassim in the back who seems incomprehensible to me", to denote the belief in the likelihood of someone's rise in life. I have to say that the notion bullish or bearish are often hollow words with no application in a world of randomness – particularly if such a world, like ours, presents asymmetric outcomes. ...

<https://acquirersmultiple.com/2018/05/nassim-taleb-how-frequent-the-profit-is-irrelevant-it-is-the-magnitude-of-the-outcome-that-counts/>

### **The Destabilizing Truth of the Retail Apocalypse: it's More About Inequality than E-Commerce – 13D Research**

As the "retail apocalypse" guts suburban malls around the country, e-commerce has been credited as the catalyst – a disruptive tide laying waste to the brick- and-mortar model. This narrative neglects the essential dynamic crippling iconic American retailers. Just 16 companies account for roughly 50% of all retail store closings in the U.S. this year, and nearly all built their businesses on the 20th century's middle-class suburban

boom. Far more than Amazon, the cratering of middle-class spending power is driving prominent retail brands into bankruptcy.

Between 1970 and 2015, the share of U.S. income held by America's middle class shrunk from 62% to 43%

...

<https://latest.13d.com/destabilizing-truth-of-retail-apocalypse-more-about-inequality-than-ecommerce-c3293220d28d>

### **The Pygmalion Effect: Proving Them Right** – Farnam Street Blog – Shane Parrish

The Pygmalion effect is a psychological phenomenon wherein high expectations lead to improved performance in a given area. Its name comes from the story of Pygmalion, a mythical Greek sculptor. Pygmalion carved a statue of a woman and then became enamored with it. Unable to love a human, Pygmalion appealed to Aphrodite, the goddess of love. She took pity and brought the statue to life. The couple married and went on to have a daughter, Paphos. ...

<https://www.fs.blog/2018/05/pygmalion-effect/>

### **Where Humans Meet Machines: Intuition, Expertise and Learning** – Medium.com – Mit Ide

Professor Daniel Kahneman was awarded a Nobel Prize for his work on the psychology of judgment and decision-making, as well as behavioral economics. In this age of human/machine collaboration and shared learning, IDE Director, Erik Brynjolfsson, asked Kahneman about the perils, as well as the potential, of machine-based decision-making. The conversation took place at a recent conference, *The Future of Work: Capital Markets, Digital Assets, and the Disruption of Labor*, in New York City. Some key highlights follow. ...

<https://medium.com/mit-initiative-on-the-digital-economy/where-humans-meet-machines-intuition-expertise-and-learning-be639f00bade>

### **Borrow... If You Dare** – Of Dollars and Data - Nick Maggiulli

I was recently at lunch with Jim O'Shaughnessy, the famed investor, Tweetstormer, and bestselling author of *What Works on Wall Street*, when he proposed the following investment question:

Imagine you have a newspaper from 1 year into the future. On the front page of the paper are the top 10 performing stocks from the prior year. In addition, a large bank has stated that they will provide you with as much margin as you want with no interest charges. The question is: Assuming you start with \$10,000, how much would you borrow to invest in these top 10 stocks? ...

<https://ofdollarsanddata.com/borrow-if-you-dare-85ea6384109d>

### **We Don't Publish Lists of All the Planes that Land Every Day** – Reformed Broker – Josh Brown

106,000 or so flights take off and land every single day, almost always without incident. That's why it's news when one doesn't.

Market activity is much the same, almost every day represents a day without a crash. We focus on the possibility of a crash because, for some, the damage could be life-altering and unfixable, depending on how their portfolio is invested. There is also a tie-in between market crashes and the real-world economy, which allows our feelings about job security to creep into the market crash fears that all of us subconsciously harbor.

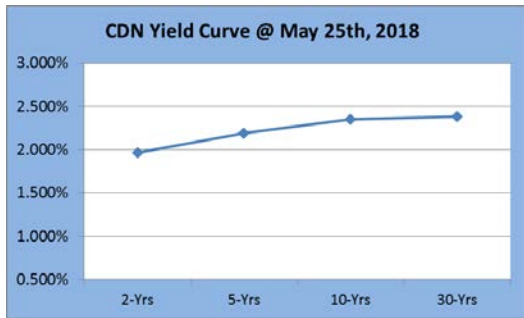
...

<http://thereformedbroker.com/2018/05/21/we-dont-publish-lists-of-all-the-planes-that-land-every-day/>

## CANADIAN MARKETS

### I. Canadian Fixed Income

#### **Benchmark Canada Government Bonds**



#### **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

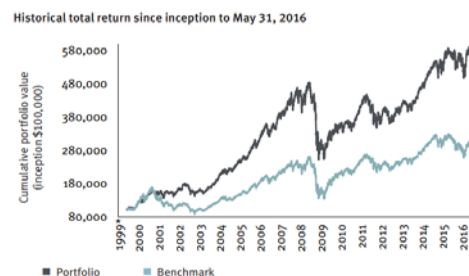
### II. MG Top Holdings, RBC DS Spring CDN 2018 Equity Focus List, and Veritas V-List

**MG Favs:** CAP REIT, Plaza Corp, Manulife, Fortis Inc, Hydro One, BCE Inc, Canadian Tire.

**RBC CM Focus List:** TD Bank, Royal Bank, Royal Bank, Bank of Nova Scotia, National Bank, Brookfield Asset Management, Intact Financial, Onex Corp, Manulife Financial, Brookfield Property Partners, Telus, Restaurant Brands, Dollarama, Magna International, Couche-Tard, CP Rail, CN Rail, Toromont, Waste Connections, Constellation Software, Canadian Natural Resources, Suncor, Pembina, TransCanada, Nutrien, Franco-Nevada.

**Veritas V-List:** Allied Properties, CP Rail, Capital Power, Cenovus Energy, CGI Group, Dollarama, Enbridge, Granite REIT, Husky Energy, Hydro One, Metro Inc, New Flyer Industries, Open Text, Premium Brands Holdings Corp, Quebecor, Shaw Comm, Sun Life Financial, TransAlta, TransCanada, Waste Connections, WestJet Airlines

#### **RBC Canadian Focus List Performance**



### III. News We Recommend On Our CDN Holdings

Market prices as of market close on May 24<sup>th</sup>, 2018

#### **Suncor Energy (SU)**

**Alister Cowan Takes Toronto**

Ranking: **Outperform (RBC CM)**

Price: \$52.11 CAD - Target: \$54.00 CAD

#### **The Toronto-Dominion Bank (TD)**

**Low Expenses & PCLs Unlikely to Continue but Definitely Impress in Q2/18**

Ranking: **Sector Perform (RBC CM)**

Price: \$75.83 CAD - Target: \$89.00 CAD

#### **Open Text Corp (OTEX)**

**OpenTex Showcases CyberSecurity Prowess**

Ranking: **Outperform (RBC CM)**

Price: \$44.69 CAD - Target: \$44.00 CAD

#### **Canadian Imperial Bank of Commerce (CM)**

**The Quarter was Light and Growth Prospects Dimming**

Ranking: **Sector Perform (RBC CM)**

Price: \$115.10 CAD - Target: \$135.00 CAD

#### **SNC-Lavalin Group Inc (SNC)**

**All the Pieces Coming Together in 2018; Valuations Likely to Follow Higher (Eventually)**

Ranking: **Outperform (RBC CM)**

Price: \$55.26 CAD - Target: \$72.00 CAD

#### **Stock of the Day Picks this Week:**

##### **- Prepared by Ryan**

- Meg Energy (MEG)

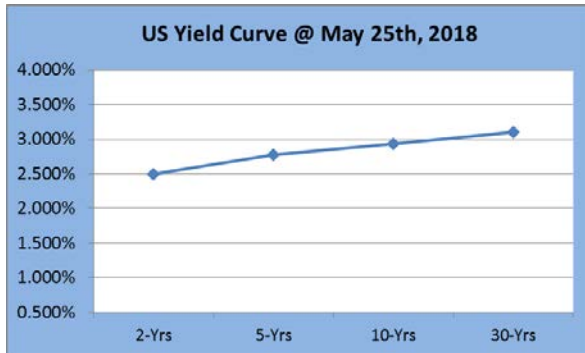
#### **Research Publications (available upon request)**

- RBC CM 2018 Look-Ahead: CDN Equities
- RBC Strategy CDN Focus List: Spring 2018
- RBC CM FEW Portfolio - Spring 2018
- RBC CM CDN Sm Cap Conviction List - Spr'18

## INTERNATIONAL MARKETS

### I. US Fixed Income

#### **Benchmark USA Government Bonds**



#### **MG US Fixed Income Top Holdings include**

- Government & Corporate Bonds
- High Yield Open & Closed Funds
- Rate Reset/Fixed Floater Preferreds
- SPDR Barclays High Yield Bond (JNK) **Yield 5.0%**
- iShares Mortgage Plus Index (REM) **Yield 9.9%**

### II. MG Favs, RBC DS Spring 2018 US Equity List

#### **RBC DS Spring '18 Global Equity Focus List**

**MG Favs:** Berkshire Hathaway, Bank of America, Visa, Home Depot, Verizon, Apple, Starbucks, and Johnson & Johnson.

**RBC DS US Equity Focus List:** PNC Financial, JP Morgan Chase, US Bancorp, Berkshire Hathaway, Yum Brands, Amazon, Johnson & Johnson, UnitedHealth Group, Thermo Fisher, Costco Corp, Kraft Heinz, Union Pacific, Honeywell, 3M Co, Raytheon, Alphabet, Apple, Microsoft, Facebook, DowDuPont, EOG Resources

**RBC DS Global Equity Focus List:** Couche-Tard, Amazon.com, InBev, Costco, Kraft, Restaurant Brands, Yum!, Canadian Nat Res, Pembina Pipeline, Suncor, TransCanada, Brookfield Asset Mgmt, Intact Financial, JP Morgan, Royal Bank, TD Bank, US Bancorp, Johnson & Johnson, Thermo Fisher, UnitedHealth Group, 3M Co, CNR, Toromont, Raytheon, Waste Connections, DowDuPont, Alphabet, Microsoft, SAP SE, Telus...

**RBC DS ADR Focus List:** Honda Motor Co, WPP Plc, Diageo, Unilever, China Petroleum & Chem Corp, Eni SpA, Royal Dutch Shell, Barclays, HSBC Holdings, INCG Groep, Prudential PLC, Wespac Banking Corp, Fresenius Medical Care, Sanofi, Teva Pharmaceutical, AerCap Holdings, Nice Systems...

### **III. News We Recommend on our Intl Holdings**

Market prices as of market close on May 17<sup>th</sup>, 2018

#### **General Electric (GE)**

**EPG Disappointments: No Incremental Positives, No Commitment to Maintaining Dividend**

Ranking: **Sector Perform (RBC CM)**

Price: \$14.60 USD - Target: \$15.00 USD

#### **Starbucks Corp (SBUX)**

**A Better Fraction of the Story**

Ranking: **Outperform (RBC CM)**

Price: \$57.68 USD - Target: \$65.00 USD

#### **JP Morgan Chase & Co (JPM)**

**Highlights from Our Meeting with Daniel Pinto**

Ranking: **Outperform (RBC CM)**

Price: \$111.23 USD - Target: \$120.00 USD

#### **United Technologies (UTX)**

**Divesting Non-Core Food Equipment Business to Middleby**

Ranking: **Outperform (RBC CM)**

Price: \$127.40 USD - Target: \$161.00 USD

#### **Verizon Communications (VZ)**

**Verizon 5G Update**

Ranking: **Sector Perform (RBC CM)**

Price: \$48.64 USD - Target: \$57.00 USD

#### **Micron Technology (MU)**

**Positive Pre-Check... Now Awaiting Cap Allocation**

Ranking: **Outperform (RBC CM)**

Price: \$61.49 USD - Target: \$80.00 USD

#### **Stock of the Day Picks this Week:**

##### **- Prepared by Ryan**

- Google Inc (GOOG)
- eBay Inc (EBAY)

#### **Research Publications (available upon request)**

- RBC GAM - Global Investment Outlook
- RBC CM - Top 30 Global Ideas for 2018

## MUTUAL FUNDS Closed/Open- Top Holdings

### **Canadian Fixed Income**

Canso Credit Income  
Dynamic Strategic Yield  
Atrium Mortgage Fund  
Ridgewood Investment Grade Fund

### **Canadian Equity**

Fidelity - Global Innovation/CDN Large Cap/Growth /Special Opp  
Mackenzie - Ivey CDN / Cundhill  
Middlefield - CDN Dividend Growers/REIT Plus  
Franklin Templeton - Bissett CDN Div/CDN Equity  
RBC -CDN Div/CDN Equity/ O'Shaughnessy  
Dynamic - Strategic Yield  
Jarislowsky - Select CDN Div  
Trimark - CDN

### **US Fixed income**

Franklin High Yield  
Fidelity American High Yield  
Annaly Capital (NLY)

### **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  
Trimark - Trimark /Fund

### **GLOBAL Equity**

Fidelity - Global Div/Monthly Income  
Mackenzie - Ivey Foreign  
Middlefield - Health Care/Global Div Growers  
Franklin Templeton - Growth / Intl  
RBC - Global Fund / Int. Div G  
Dynamic - Global Value  
Trimark - Global

### **2018 Flow Through Share Offerings**

MRF 2018 Flow Through

### **ETFS - Top Holdings**

### **Canada - Fixed Income**

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

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

### **US - Fixed Income**

US Bonds - XIG, TLT,  
US Preferred Shares - PFF

**US 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 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, Market Vectors Jnr Gold Miners

### **GLOBAL 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 ROBO/HBLK/VGT/MIND/HA/HHL/HTA

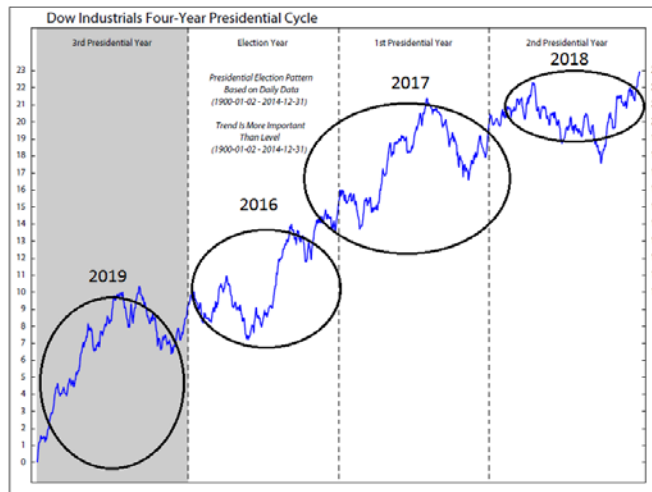





# Technical Update

Portfolio Advisory Group

**Stalled again.** The Dow Industrials have turned back down from the resistance area around 25,000, which is acting as a normal and somewhat difficult spot for the index to break through. On the flipside, a pullback has also been difficult for the market to muster, as the recent early weakness on many days has seen the market recover midday. The recent trading has led to a short-term range of 24,600-25,000, or 400-points on the Dow. We would expect to see an additional 1000-points of movement in the same direction that the market eventually breaks out of the range, but at this time think that it could be about an equal likelihood of it happening in either direction. This is the nature of consolidations and trading ranges, that is tighter short-term ranges within wider ranges where the markets can trade for longer periods. The higher recent volatility may have increased the expectation for the markets to make a meaningful move, but we see that move as being last year, with this year shaping up to be a longer resting and consolidation period than many people expect.



 <b>American Association of Individual Investors</b>		Bullish	Neutral	Bearish
Reported Date				
May 24:		38.56%	36.27%	25.16%
May 17:		36.68%	42.74%	20.58%
May 10:		33.51%	40.96%	25.53%
May 3:		28.40%	41.36%	30.25%
April 26:		36.91%	37.54%	25.55%
April 19:		37.78%	33.00%	29.22%
April 12:		26.09%	31.16%	42.75%
April 5:		31.90%	31.47%	36.64%
March 29:		31.94%	32.73%	35.33%
March 22:		33.23%	38.28%	28.49%



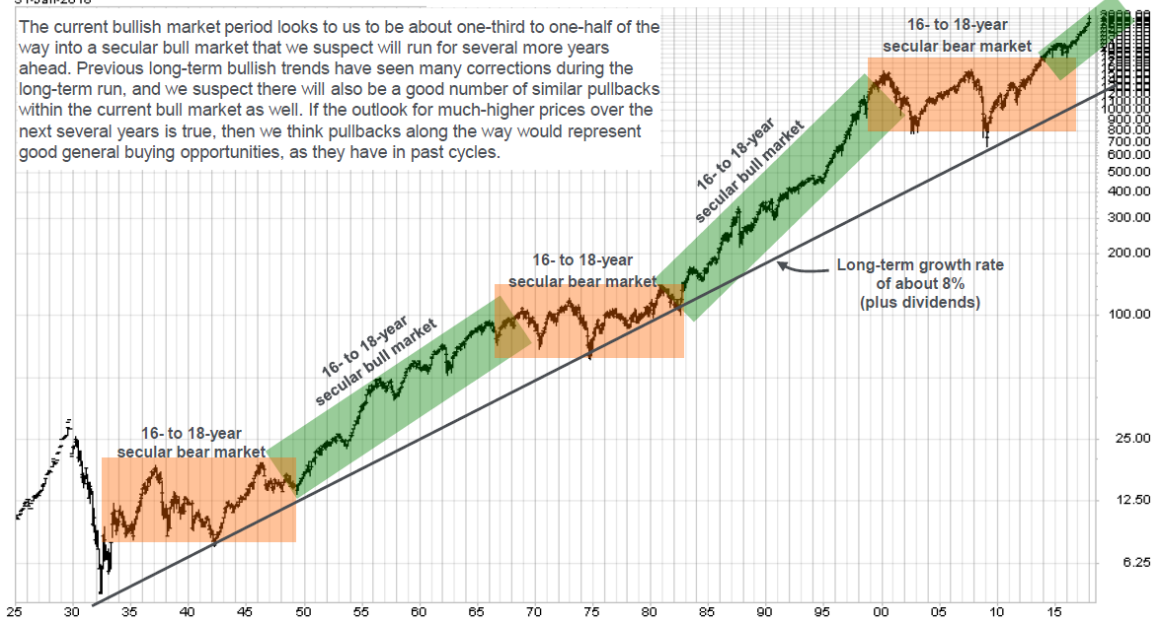
# FAVOURITE CHARTS

## Long-term market cycles 1925–2018

SPX S&P 500 Large Cap Index: INDX  
31-Jan-2018

© StockCharts.com

The current bullish market period looks to us to be about one-third to one-half of the way into a secular bull market that we suspect will run for several more years ahead. Previous long-term bullish trends have seen many corrections during the long-term run, and we suspect there will also be a good number of similar pullbacks within the current bull market as well. If the outlook for much-higher prices over the next several years is true, then we think pullbacks along the way would represent good general buying opportunities, as they have in past cycles.

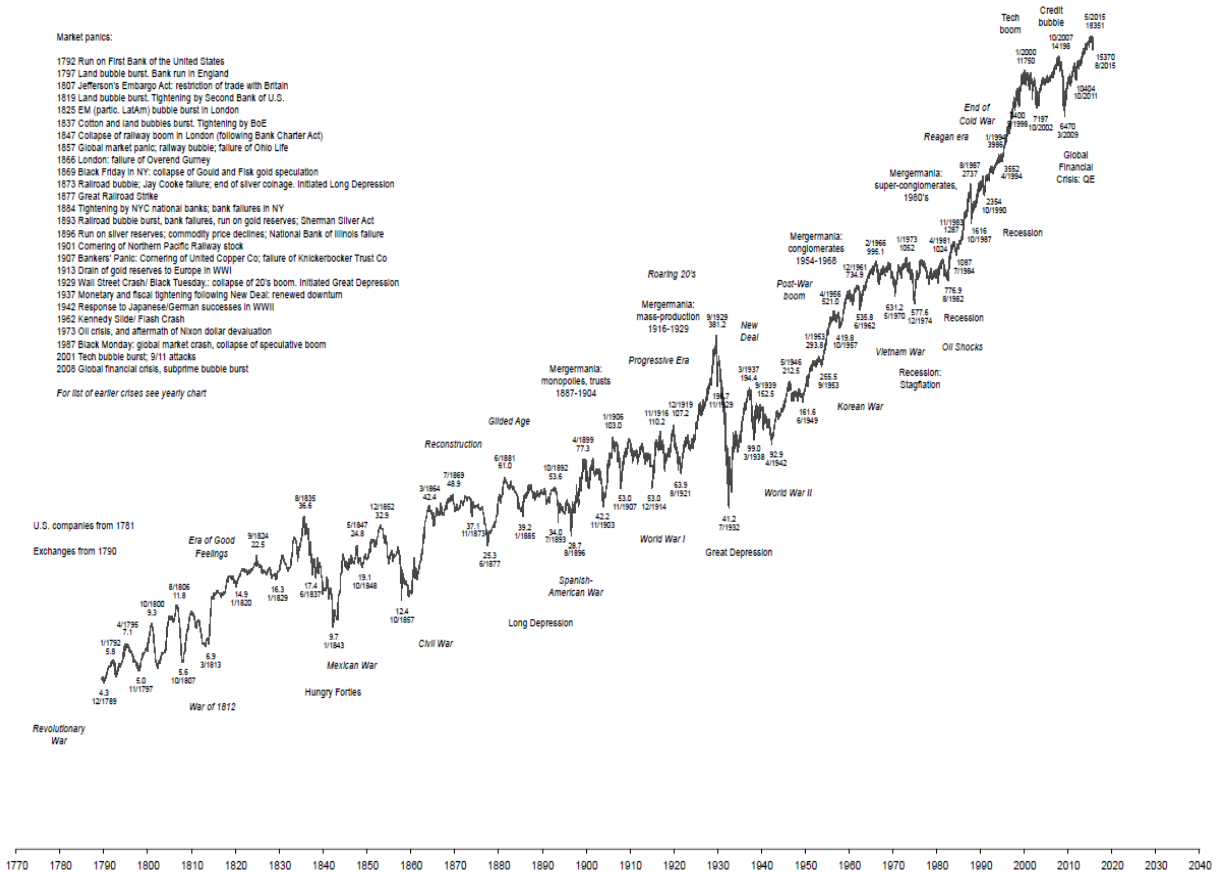


## Dow Jones Industrial Average - 1789 to Date

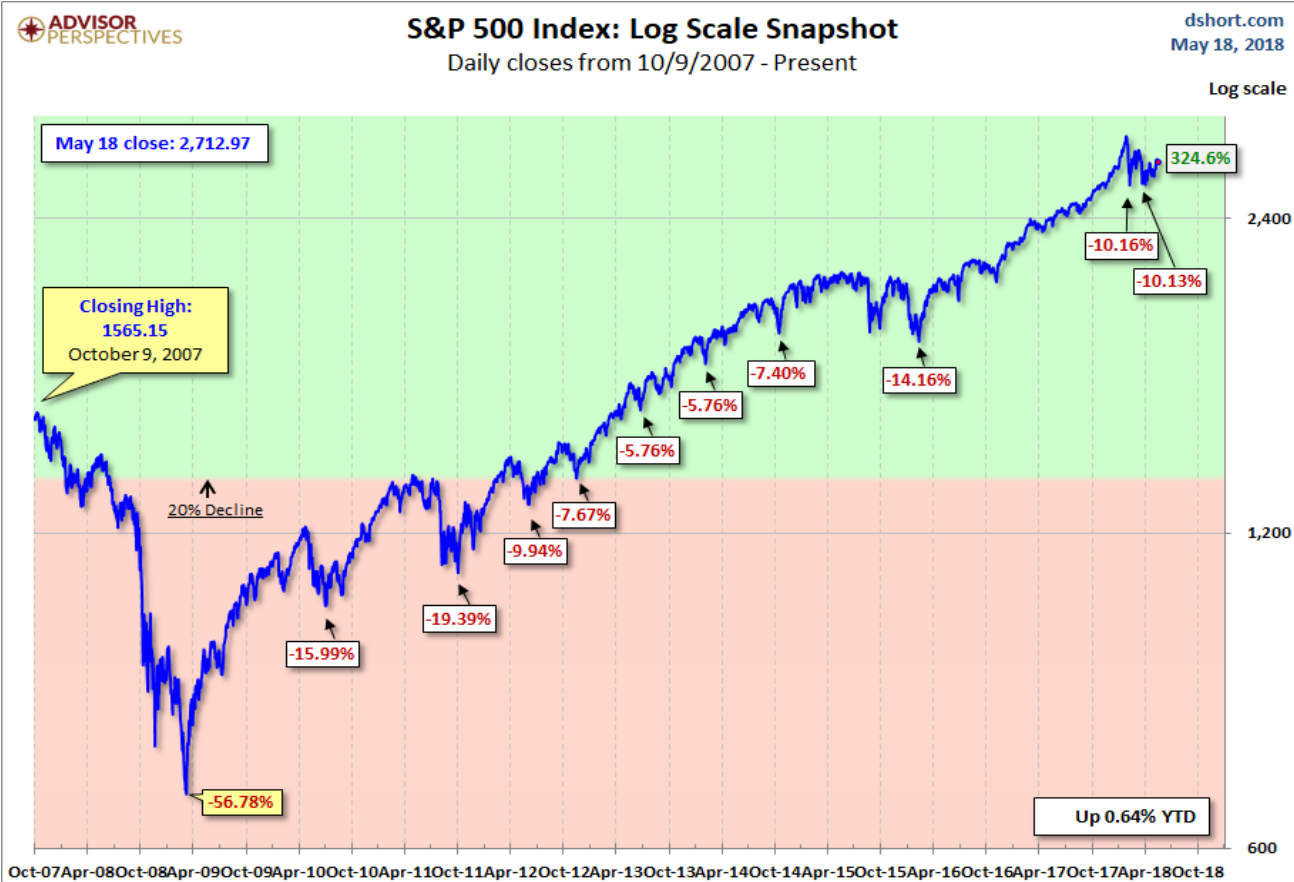
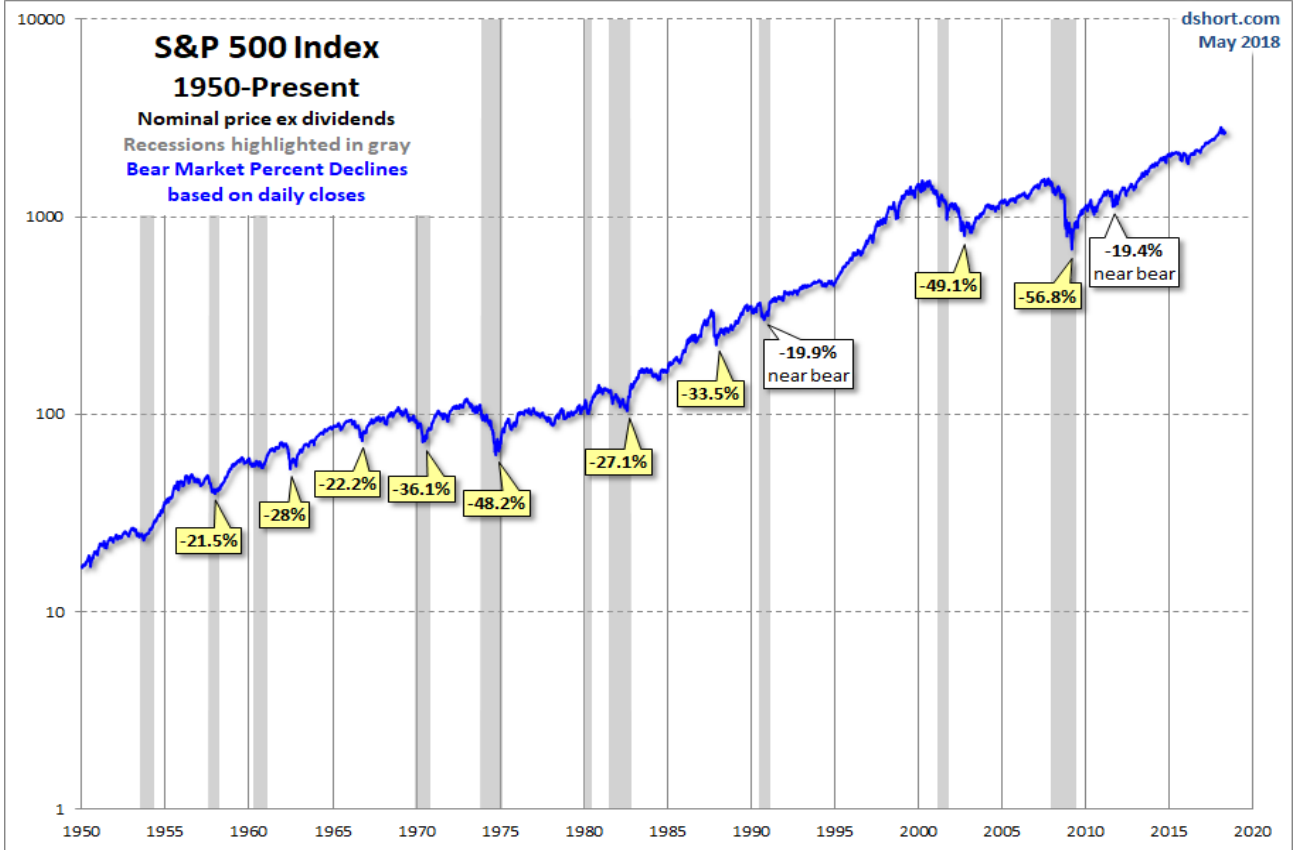
Market panics:

- 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 (partic. LatAm) bubble burst in London
- 1837 Cotton and land bubbles burst, Tightening by BoE
- 1847 Collapse of railway boom in London (following Bank Charter Act)
- 1857 Global market panic; railway bubble, failure of Ohio Life
- 1866 London: failure of Overend Gurney
- 1869 Black Friday in NY; collapse of Gold and Flak gold speculation
- 1873 Railroad bubble; Jay Cooke failure; end of silver coinage. Initiated Long Depression
- 1877 Great Railroad Strike
- 1884 Tightening by NYC national bank; 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's boom. Initiated Great Depression
- 1937 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

For list of earlier crises see yearly chart







## 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 Account  
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),  
Option Strategies, Tax assisted investments



## COMPREHENSIVE WEALTH MANAGEMENT STRATEGIES

### 1. Financial Planning

**Ted Chan** – 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
  - Retirement and estate planning
  - Business succession
  - Withdraws from corporation tax- effectively
  - Taxation of the corporation at death and more.
- Also:**
- Business planning
  - Estate planning
  - Children's education and inheritance
  - Family trusts for disabled dependents
  - Retirement planning
- 

### 2. Insurance Planning

**Andrew Sipes** – As estate planning specialists, 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
  - Insured Retirement Plan (IRP)
  - Critical Illness
  - Insured Annuity
- 

### 3. Wills & Estate Planning

**Ariel-Charles Guigui** – 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

**Prashant Patel** – 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

**Greg Woolston** – 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
  - Financial security and peace of mind to elder Canadians who require assistance in the management of their affairs as they grow older
  - 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
-

## THE MACKAY GROUP NEWS

### **Bruce's Comments**

#### **Is it time for a Financial Checkup?**

Tax rates are increasing, financial solutions are evolving and RBC's suite of services has expanded to meet our clients' needs. We'll review your investment portfolios and introduce you to our expanded team of Wealth Management professionals and the full range of services we offer.

### **Andrew's Portfolio Managements Comments**

We continually monitor your investments. Our objective is your objective - to maximize your returns given your risk parameters. We have a wide range of investment choices available for you. Just look at our MG weekly Focus List.

### **Harry's Discretionary Managements Comments**

I help the team manage Discretionary Investment accounts. Glad to talk to you about the advantages of this portfolio management program. Also, will be managing clients TFSA's to maximize returns.

### **Ryan's Research and PM Comments**

I focus on research, MG Weekly & Daily Stock of the Day. For over 5 years, we have sent these well researched reports. Returns have been very impressive - I can send you our track record. I can also provide target & rank analysis on your investments.

### **Kristi's Wealth Management Comments**

Would you like a Financial Plan, Will & Estate Consultation and Insurance review? We can also provide you RBC banking, private banking and mortgage lending assistance.

### **Melissa's Administration Comments**

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

### **Suzanne's Admin and Charities Comments**

Will provide clients with custom investment portfolio reports which include rates of returns, tax reporting and income projections. Help clients support their favorite charity with RBC foundation.

## Our Mission

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

### **Bruce MacKay, BA, HBComm, CIM**

*Associate Portfolio Manager, Investment Advisor,  
Vice President and Director*

**Andrew Slivinsky, PFP, Senior Associate Advisor**

**Harry Sale, BA, Associate Wealth Advisor**

**Ryan MacKay, BA, Associate Advisor**

**Kristi MacKay, MBA, Associate Wealth Advisor**

**Melissa Crawford, BA, Associate Advisor**

**Suzanne Reid-Skidmore, BA, Associate Advisor**

### **Estate + Financial Planning Advisors**

**Ted Chan, Financial Planner**

**Ariel-Charles Guigui, Will and Estate Consultant**

**Prashant Patel, Tax Consultant**

**Andrew Sipes, Estate Planning Specialist**

### **MacKay Group Wealth Management**

[www.mackaygroup.com](http://www.mackaygroup.com)

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181 Bay Street, Suite 2200

Toronto Ontario, M5J 2T3

Telephone: 416-842-7120

### **MacKay Group & RBC Foundation**

**We have contributed \$500,000+ over the years. Charities we support in 2017 -** Jewish National Fund, Canadian Wildlife Federation, Canadian Civil Liberties, Toronto Public Library Foundation, ABC Life Literacy, Prostate Cancer Research, Canadian Canoe Museum, Erin Oak Kids, Trillium Hospital Foundation, CAMMAC, JVS Toronto, Operation Walk, Kids Cops & Computers, Ontario Track III, Camp Winston & The Barth Foundation.

**Thank you for your referrals** - We would like to thank our clients for the trust and confidence they have shown in us, by referring their friends and family. Gift certificate to your favorite restaurant or 1-yr subscription to the Economist available as a Thank You.



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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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