

# MacKay Weekly Investment Report



WEEK ENDING FRIDAY, JUNE 1, 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.

## Politics Drive/Global Picture+/Deregulation Helps

Volatility continues this week in equity markets – seems to be all politically driven – as earnings season was a hit and 75% of companies beating revenue estimates.

**Positives:** Ned Davis S&P 500 Sector Roadmap expects equities to trend down until after summer – then strong rally for year-end – been right before on forecasts. Spent time at Dynamic Fund's Investment Conference and Oscar Belaiche highlighted his positive views including deleveraging happening as rates rise, financials doing well as no credit issue, expect P/Es to be flat for 2018, no recession risk, consumer confidence high, valuations improving, inflation – not expecting a spike, employment strong (signing bonuses), margin pressures with rising rates not a concern, overall outlook is mixed and topline a good economy. Bruce Murrays comments this week include – outlook for markets remain constructive, global economic picture quite bright, with real US GDP growth forecast at 3.9% this healthy rate of growth which is being led by world's largest economies will support a bullish market. AII Investor Sentiment Survey – optimism about the short term direction of the stock market rebounds to 3 month high. Flattening yield curve – on average equities have 8 months until earnings peak and 17 months before a recession following a yield curve inversion. "Tariff threats have turned to trade agreements, de-escalation looks likely in North Korea, and the US tax cuts paired with deregulation are showing up in corporate earnings – the US is acting and good things are happening for both the economy and the financial markets (B Wesbury)". CDN banks report good results – RY has good momentum, strong volume and sales growth as well as higher interest rates (D McKay). PMIs good like China's NBS manufacturing PMI increased pointing to decent business activity – 51.9.

**Negatives:** Trade negotiations continue – US against everyone. A number of factors discourage investments in CAD – consumer remains over-levered, concern over higher taxes, a slowdown in the housing sector and internal barriers will confine the exporting of oil, CAD's largest export (B. Murray). Italian Eurozone political risks dominate headline and trigger a rout in Italian assets. CDN economy too reliant on housing market (Macquarie CM). Moody's warns of junk bond default avalanches as rates rise. European Union is in an existential crisis – everything that could go wrong has gone wrong (G. Soros). Nothing hurts the stock market more than uncertainty even if that uncertainty ultimately leads to a positive outcome (J. Cramer).

**Investment Wisdom:** "Never test the depth of a river with both feet – Warren Buffett"

## PORTFOLIO MANAGEMENT-Week's Highlights

**Stock of the Days:** MFC, PYPL, WMT, AVGO, FTT

**New Issues:** BNS, NA

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:

Page 1 - How I see It, Pages 2 & 3 - Notes and Quotes, Page 4 - CDN Mkts, Page 5 - Int'l Mkts, Page 6- Funds & ETFs, Page 7-9 - Favourite Charts, Page 10 - MacKay Group Portfolio Management Page 11 - Comprehensive Wealth Management Page 12 - MacKay Group News & Events



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

### **Italy's Swan Dive** – Dr. Ed's Blog – Dr. Ed Yardeni

Italy always seems to be in a political crisis. Governments don't last very long there, as the ruling party's coalition tends to splinter rapidly, requiring yet another election and another effort to form a government by the mostly incompatible coalitions. This time, after the March 4 election, the latest popular coalition is dominated by so-called "Eurosceptics," who believe that Italy's problems might be solved by dropping out of the Eurozone.

This development isn't a black swan. Rather, it is more like a gray swan. It doesn't come as a big surprise, yet it wasn't widely expected either. The question is whether this problem will be contained or whether the latest political mess will trigger the next global financial crisis, which could trigger a global credit crunch and recession. The short answer is that I don't think it will trigger a global credit crunch and recession. ...

<http://blog.yardeni.com/2018/06/italys-swan-dive.html>

### **Why I want to stop talking about the "developing" world** – Gatesnotes – Bill Gates

I talk about the developed and developing world all the time, but I shouldn't.

My late friend Hans Rosling [called the labels](#) "outdated" and "meaningless." Any categorization that lumps together China and the Democratic Republic of Congo is too broad to be useful. But I've continued to use "developed" and "developing" in public (and on this blog) because there wasn't a more accurate, easily understandable alternative – until now.

I recently read Hans' new book *Factfulness: Ten Reasons We're Wrong About the World – and Why Things Are Better Than You Think*. In it, he offers a new framework for how to think about the world. Hans proposes four income groups (with the largest number of people living on level 2): ...

[https://www.gatesnotes.com/Books/Factfulness?WT.mc\\_id=20180524200000\\_Factfulness\\_BG-TW&WT.tsrc=BGTW&linkId=52098564](https://www.gatesnotes.com/Books/Factfulness?WT.mc_id=20180524200000_Factfulness_BG-TW&WT.tsrc=BGTW&linkId=52098564)

### **"In 10 Years, the Surveillance Business Model Will Have Been Made Illegal"** – ProMarket – Asher Schechter

"The way to win in Silicon Valley now is by figuring out how to capture human attention. How do you manipulate people's deepest psychological instincts, so you can get them to come back?" said Tristan Harris, a former design ethicist at Google who has since become one of Silicon Valley's most influential critics. Harris, who co-founded the Center for Humane Technology, an organization seeking to change the culture of the tech industry, described the tech industry as an "arms race for basically who's good at getting attention and who's better in the race to the bottom of the brainstem to hijack the human animal."

The proliferation of AI, Harris said, creates an asymmetric relationship between platforms and users. "When someone uses a screen, they don't really realize they're walking into an environment where there's 1,000 engineers on the other side of the screen who asymmetrically know way more about their mind [and] their psychology, have 10 years about what's ever gotten them to click, and use AI prediction engines to play chess against that person's mind. The reason you land on YouTube and wake up two hours later asking 'What the hell just happened?' is that Alphabet and Google are basically deploying the best supercomputers in the world – not at climate change, not at solving cancer, but at basically hijacking human animals and getting them to stay on screens." ...

<https://promarket.org/10-years-surveillance-business-model-will-made-illegal/>

### **Invisible Asymptotes** – Eurgenewei.com – Eugene Wei

For so many startups and even larger tech incumbents, the point at which they hit the shoulder in the S-curve is a mystery, and I suspect the failure to see it occurs much earlier. The good thing is that identifying the enemy sooner allows you to address it. We focus so much on product-market fit, but once companies have achieved some semblance of it, most should spend much more time on the problem of product-market unfit. For me, in strategic planning, the question in building my forecast was to flush out what I call the **invisible asymptote**: a ceiling that our growth curve would bump its head against if we continued down our current path. It's an important concept to understand for many people in a company, whether a CEO, a product person, or, as I was back then, a planner in finance. ...

<http://www.eurgenewei.com/blog/2018/5/21/invisible-asymptotes>

### **Noam Chomsky Diagnoses the Trump Era** – The Nation -

David Barsamian: You have spoken about the difference between Trump's buffoonery, which gets endlessly covered by the media, and the actual policies he is striving to enact, which receive less attention. Do you think he has any coherent economic, political, or international policy goals? What has Trump actually managed to accomplish in his first months in office?

Noam Chomsky: There is a diversionary process under way, perhaps just a natural result of the propensities of the figure at center stage and those doing the work behind the curtains. ...

<https://www.thenation.com/article/noam-chomsky-diagnoses-the-trump-era/>

### **Puzzling over U.S. wage growth** – Washington Center for Equitable Growth – Nick Bunker

The state of U.S. wage growth these days is puzzling. The unemployment rate is below where it was before the Great Recession back in 2007, but nominal wage growth is below its level that year and hasn't picked up in recent years (according to some data series). For economists and analysts who believe that a tighter labor market should lead to higher wages, this disconnect is confusing.

But some analysts, myself included, suggest that the seemingly very tight labor market might not be that tight. The unemployment rate may be low (3.9 percent in April), but the share of workers in their prime years (ages 25 to 54) with a job (79.2 percent) is still below its 2007 level. The prime employment rate can predict wage and compensation growth quite well. Such a continued strong relationship between these variables would suggest that slack remains in the labor market. Stronger wage growth will show up, according to this line of thinking, if the prime employment rate further increases. ...

<http://equitablegrowth.org/research-analysis/puzzling-over-u-s-wage-growth/>

### **How to Get Blockchains to Talk to Each Other** – Technology Review – Mike Orcutt

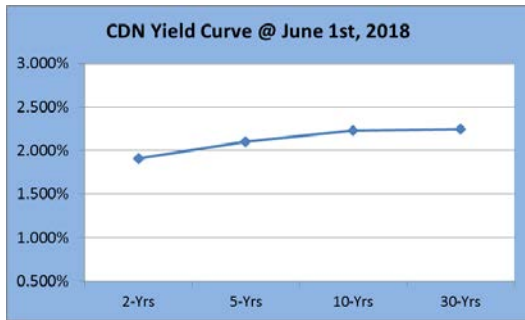
... As new blockchains and other distributed ledger systems proliferate, the result is kind of like a petri dish full of bacteria. They keep multiplying, but they don't seem headed toward any kind of higher-order organism. The scene is similar to the pre-internet days of the 1960s and 1970s, says [Thomas Hardjono](#) of MIT's connection science program, when there were several separate technical approaches to constructing computer networks. Like then, he says, the key to moving things forward lies in figuring out how to make these individual systems work together. ...

<https://www.technologyreview.com/s/611187/how-to-get-blockchains-to-talk-to-each-other/>

## 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

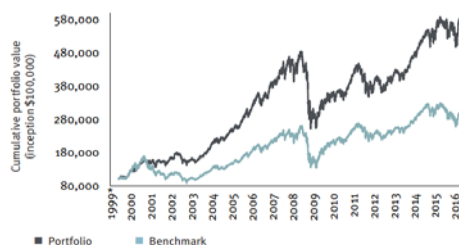
**MG Favs:** CAP REIT, Plaza Corp, Manulife, Fortis Inc, Hydro One, BCE Inc, Canadian Tire.

**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

Historical total return since inception to May 31, 2016



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

Market prices as of market close on May 31<sup>st</sup>, 2018

#### **National Bank of Canada (NA)**

**International and Investment Banking Steal the Show in Q2/18**

Ranking: **Outperform (RBC CM)**

Price: \$62.02 CAD - Target: \$73.00 CAD

#### **Bank of Montreal (BMO)**

**Good Quarter and Restructuring to Further Control Costs**

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

Price: \$100.44 CAD - Target: \$120.00 CAD

#### **Bank of Nova Scotia (BNS)**

**Canada Relatively Soft, International Strong**

Ranking: **Outperform (RBC CM)**

Price: \$78.24 CAD - Target: \$95.00 CAD

#### **Pembina Pipeline Corp (PPL)**

**Investor Day: The Successful Playbook Remains Intact**

Ranking: **Outperform (RBC CM)**

Price: \$45.10 CAD - Target: \$52.00 CAD

#### **Dollarama (DOL)**

**Swoony for the the Loonie**

Ranking: **Outperform (RBC CM)**

Price: \$149.65 CAD - Target: \$167.00 CAD

#### **Cineplex Inc (CGX)**

**Follow the Box Office to Higher Cash Flows**

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

Price: \$28.61 CAD - Target: \$38.00 CAD

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

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

- Manulife Financial (MFC)
- Finning International (FTT)

#### **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

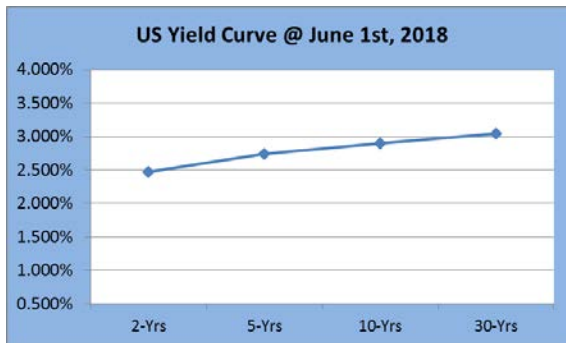




## INTERNATIONAL MARKETS

### 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 31<sup>st</sup>, 2018

#### **Costco (COST)**

**Price Investments (Unsurprisingly) Pressured GMs, but Traffic Momentum Continues**

**Ranking: Outperform (RBC CM)**

Price: \$198.24 USD - Target: \$216.00 USD

#### **Union Pacific Corp (UNP)**

**Investor Day Provides Broad market Outlook/Operations Update; Light on Targets**

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

Price: \$142.76 USD - Target: \$134.00 USD

#### **Netflix (NFLX)**

**Updating the Long Thesis: Time to Call if Euroflix?!**

**Ranking: Outperform (RBC CM)**

Price: \$351.60 USD - Target: \$360.00 USD

#### **ExxonMobil (XOM)**

**Attempting to Turn the Super Tanker**

**Ranking: Outperform (RBC CM)**

Price: \$81.24 USD - Target: \$100.00 USD

#### **Salesforce.com (CRM)**

**Moving Ahead**

**Ranking: Outperform (RBC CM)**

Price: \$129.33 USD - Target: \$146.00 USD

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

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

- Paypal Holdings (PYPL)
- Walmart Inc (WMT)
- Broadcom Inc (AVGO)

### **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

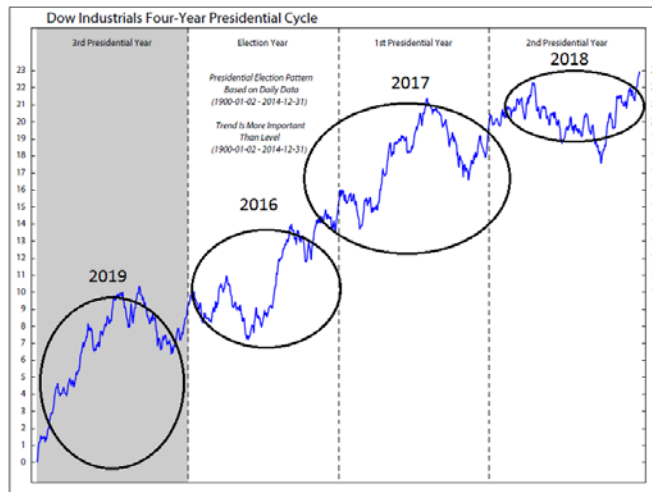





# Technical Update

Portfolio Advisory Group

**A little peaked.** The stock market continues to trade within a narrow band within a longer-term wider band, while other indicators appear to be reversing some recent trends that may amount to some meaningful moves. The price of oil has slipped lower from its recent peak around 73 and has technical support at the 66 and 60 levels. The sharpness of the recent pullback suggests to us that the first support around 66 may not hold, so the action of the next several sessions will be important to watch. We think that many of the Energy-related stock issues will likely follow the same trend. In interest rates, the 10-year Treasury note yield is pulling back from the recent peak around 3.1% and has support below around 2.9% and then 2.7%. Recent potential bottoming patterns developing in the homebuilding and Utilities stocks could be suggesting that rates could fall further. It is still early to be calling tops in oil and rates, as they just hit new highs again last week, but the potential is there, especially if they slip below their first support levels, in our opinion.



 <b>American Association of Individual Investors</b>				
Reported Date	Bullish	Neutral	Bearish	
May 31:	35.02%	38.63%	26.35%	
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%	



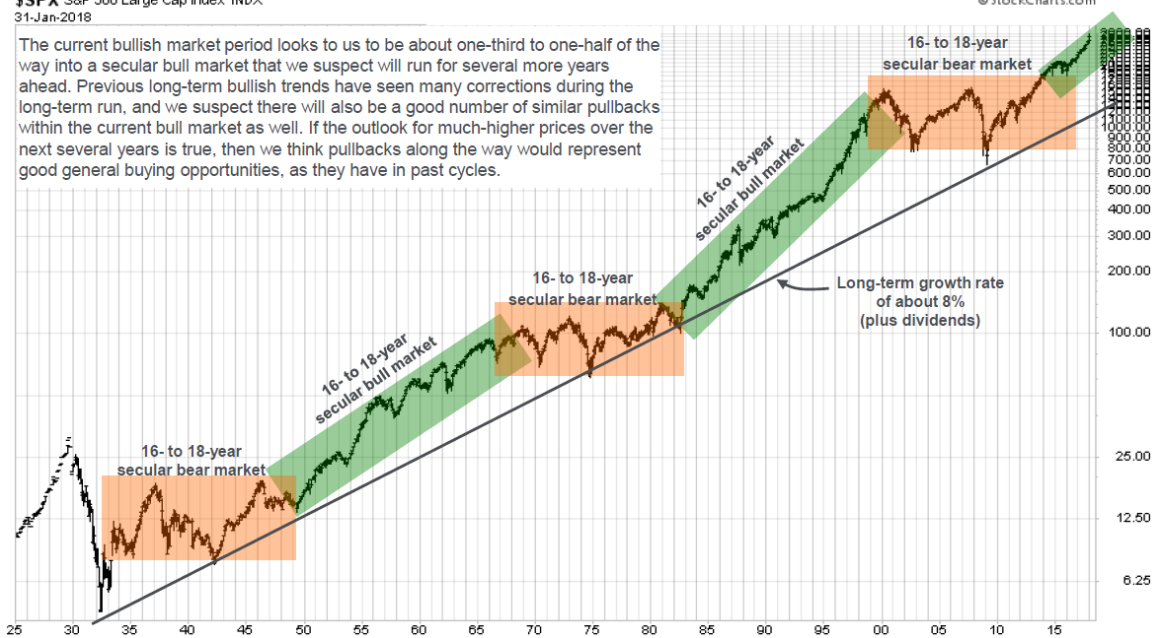
# FAVOURITE CHARTS

## 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.

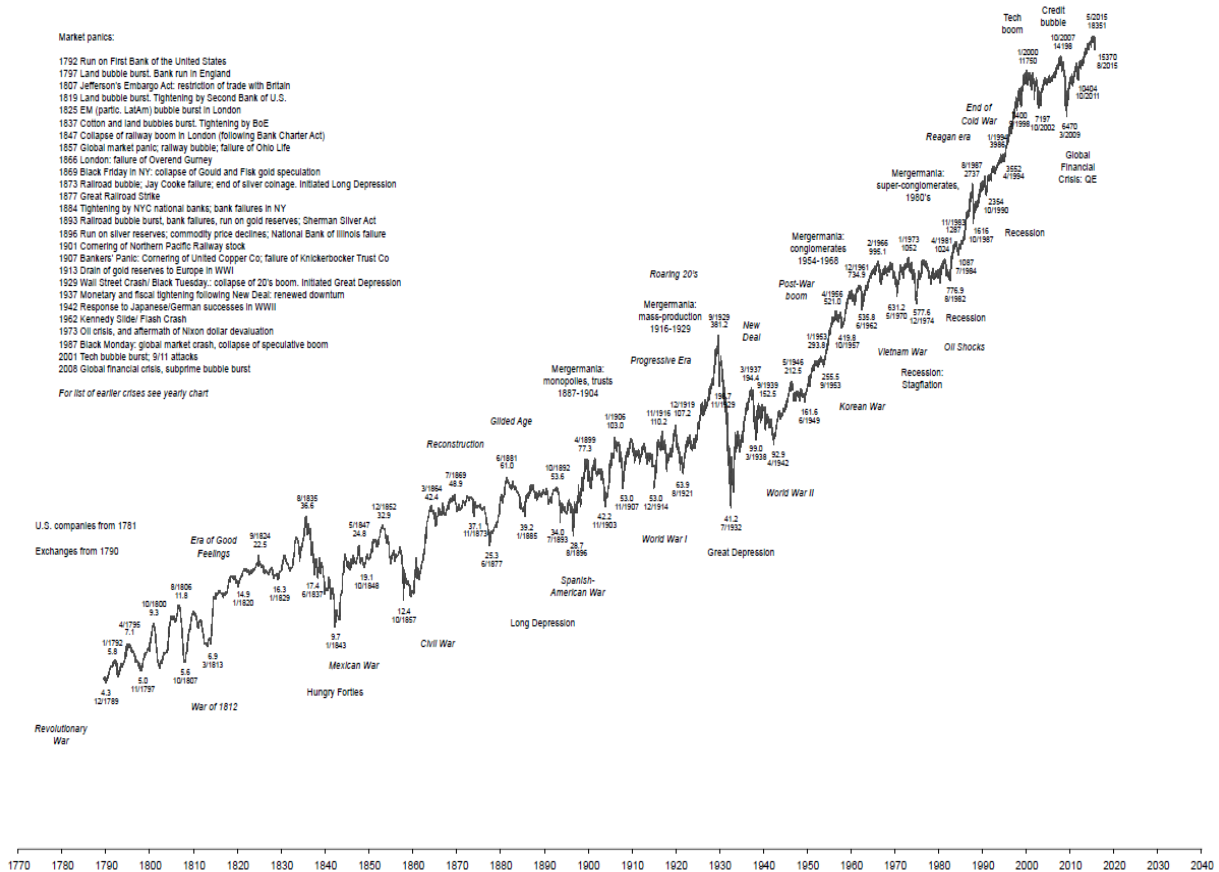


## Dow Jones Industrial Average - 1789 to Date

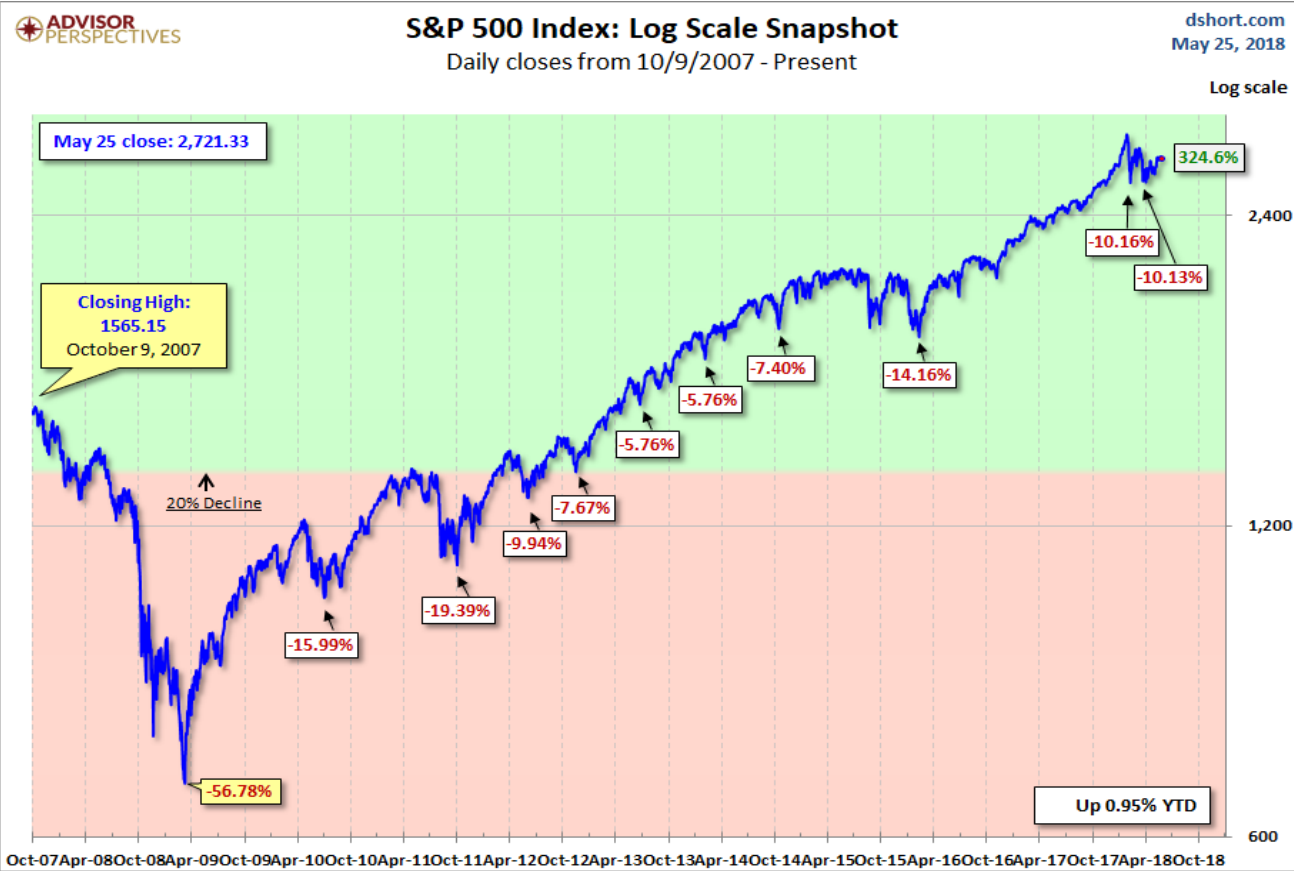
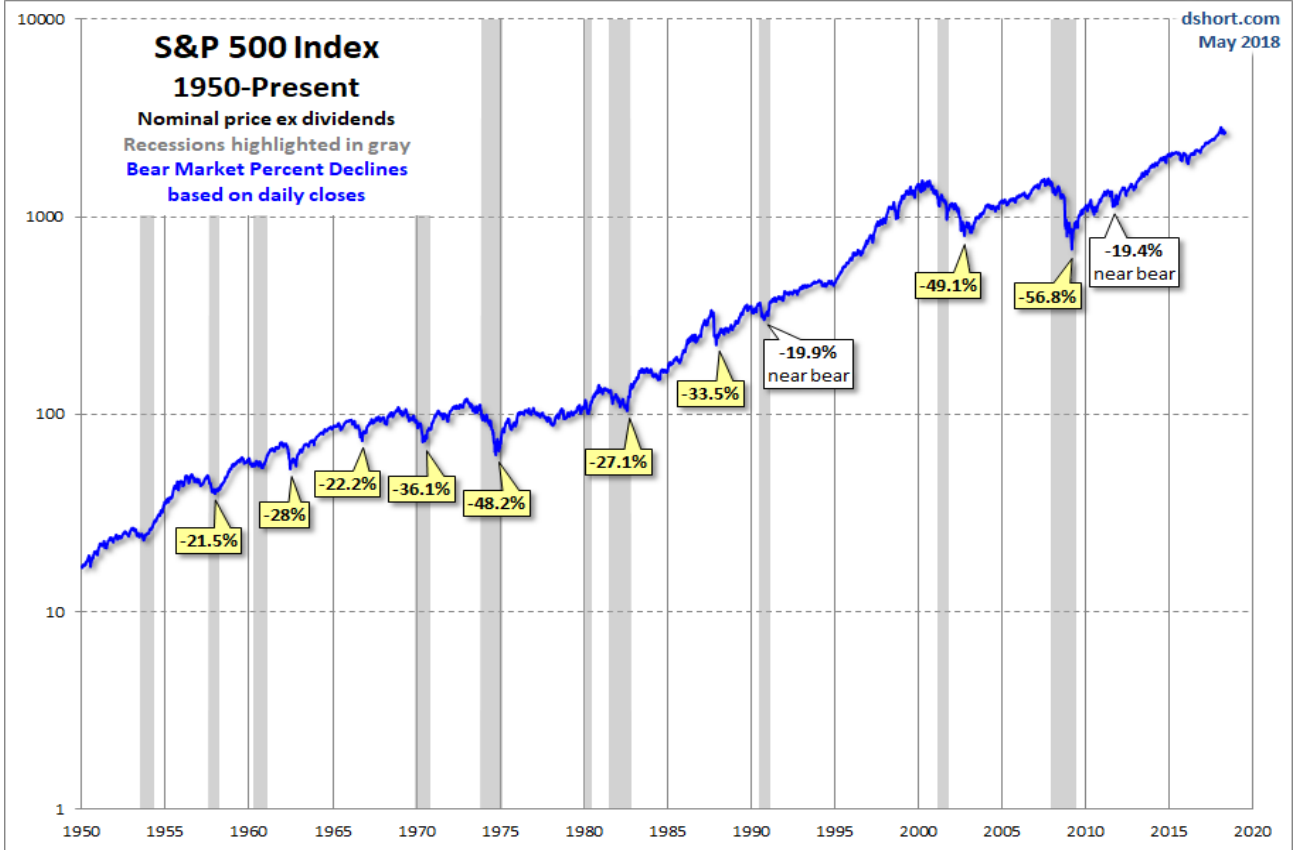
Market panics:

- 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**

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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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