

# MacKay Weekly Investment Report



WEEK ENDING FRIDAY, JUNE 29, 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.

## Tariffs/CEO's Time is Now/Several More Years

US, CDN & oversea equity markets drifting lower this week – end of quarter window dressing supporting equities.

**Positives:** US bank stress test results help banks prepare to return excess capital to shareholders – dividends & buybacks. US sanctions bolster global oil markets – Trump's hardening Iran policy. Forecasts remain of the view that the economic spillover from the tariffs announced so far between various countries is likely to be modest and manageable in foreseeable future. Last week brought fresh evidence that business investment is accelerating – CEOs reported the highest CAPEX plans in the 16 year history of the Oscar Evercore ISI Survey – 24% YoY increase in CAPEX by S&P 500 companies in Q1 is just beginning of something much bigger – spending on property, plant & equipment could be a key driver of growth for next leg of this cycle, perhaps contributing to the strongest economic growth seen yet – CEOs say the time is now. First time in US history there are more open jobs than people out of work. Industrial + manufacturers that supply equipment enabling greater worker productivity should see the biggest boost. Supply management PMI numbers, new orders & production are showing acceleration – general sentiment among equity investors remain subdued – many continue to say their stock market outlook has gotten less constructive – contrarians invest as few think stocks are attractively valued. We believe that the current business cycle has at least several more years left to run – 9 years and counting = signs include – unemployment still dropping, wages are rising (but not sharply), Fed Reserve is tightening, but real interest rates are zero, inflation is moving higher slowly, yield curve not inverted, profits increasing & leading indicators are still rising (B. Wien).

**Negatives:** A rough patch for emerging markets as the worsening threat of a trade war has soured sentiment towards export dependent EM countries. Concerns about global growth are in turn triggering worries corporations may talk down their financial guidance for a second half of year. Capitalism hate economic uncertainty – trade uncertainty – could start a negative feedback loop that starts to impact consumer & business confidence – as well as behaviour. Trade sector succumbs to mounting trade anxiety. Fears of policy error & trade war remain major overhangs in need of resolution. Mid-term election year stock market performance is notoriously bad & July historically the most painful month going back to 1962.

**Investment Wisdom:** "Sell a stock because the company's fundamentals deteriorate, not because the sky is falling." – Peter Lynch

## PORTFOLIO MANAGEMENT-Week's Highlights

**Stock of the Days:** NVDA, VZ, CNQ, AMZN, BIP

**New Issues:** MAV Beauty, E-Split, MOZ

Have a great weekend. Bruce

Exchange	28-Jun-18	YoY	MoM
S&P/TSX	16,179.89	6.4%	1.6%
DJIA	24,216.05	13.8%	-0.6%
S&P 500	2,716.31	12.3%	1.0%
Nasdaq	7,503.68	22.1%	1.4%
FTSE 100 Index (UK)	7,615.63	3.6%	-0.2%
DAX Index (Germany)	12,177.23	-1.9%	-3.9%
Hang Seng Index (HK)	28,497.32	9.8%	-6.5%
Nikkei 225 (Japan)	22,270.39	10.1%	-0.4%
Shanghai 180 (China)	7,408.48	-6.3%	-9.3%

## MacKay Weekly Investment Report Contents:

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

### **Byron Wien: No Recession in Sight** – Blackstone

This business expansion has gone on for nine years and most investors think we have to be near the end. In baseball parlance you hear talk that we are in the seventh or eighth inning; nobody seems to believe we are in the second or third. Jamie Dimon of J.P. Morgan has said at a conference we're in the sixth, which got a lot of attention. Those who are cautious on the outlook talk about how corporate cash flows will be inadequate to service long-term debt obligations. They also raise macro issues like the large U.S. budget deficit, declining American competitiveness, worsening relationships with our trading partners, Middle East instability, a slowdown in Europe, difficult 2019 earnings comparisons and displacement of white collar employees by artificial intelligence.

We believe that the current business cycle has at least several more years left to run. The major signs that would herald the beginning of the next recession are not yet in place. Unemployment is low and likely to decline further; wages are rising, but not sharply; the Federal Reserve is tightening, but real interest rates are zero; inflation is moving higher slowly; the yield curve is not inverted; profits are increasing; and the leading indicators are still rising. Until some of these indicators change, the expansion is likely to continue. ...

<https://www.blackstone.com/insights/article/no-recession-in-sight>

### **Betting on Things That Never Change** – Collaborative Fund – Morgan Housel

Jeff Bezos once explained why this was critical:

I very frequently get the question: "What's going to change in the next 10 years?" That's a very interesting question.

I almost never get the question: "What's not going to change in the next 10 years?" And I submit to you that that second question is actually the more important of the two.

You can build a business strategy around the things that are stable in time. In our retail business, we know that customers want low prices, and I know that's going to be true 10 years from now. They want fast delivery; they want vast selection. It's impossible to imagine a future 10 years from now where a customer comes up and says, "Jeff I love Amazon, I just wish the prices were a little higher." Or, "I love Amazon, I just wish you'd deliver a little slower." Impossible.

So we know the energy we put into these things today will still be paying off dividends for our customers 10 years from now. When you have something that you know is true, even over the long term, you can afford to put a lot of energy into it. ...

<http://www.collaborativefund.com/blog/betting-on-things-that-never-change/>

### **Why Moats are Essential for Profitability (Restaurant Edition)** – 25iq – Tren Griffin

Investing is about owning a partial stake in a real business. You must understand whether the actual businesses in which you own stock earns a return on capital to be a successful investor. The more different types of businesses you understand in this way, the more skill you will acquire in understanding another new business. The point I am making explains why Warren Buffett says: "I am a better investor because I am a businessman, and a better businessman because I am an investor." The reason why Charlie Munger has what Buffett calls "the best 30 second mind in business" is in no small part because of the many different types of businesses he has examined as potential investments. In contrast, most people spend more time selecting a refrigerator than they do selecting a business to invest in. When you buy a stock without digging in and understanding that business deeply, the odds that you have made a mistake go up significantly. Investing is so competitive that you simply can't afford to give way that competitive edge and succeed as an active investor.

...

<https://25iq.com/2016/11/18/why-moats-are-essential-for-profitability-restaurant-edition/>

### **Ways to Think About Machine Learning** – Benedict Evans – Ben Evans

We're now four or five years into the current explosion of machine learning, and pretty much everyone has heard of it. It's not just that startups are forming every day or that the big tech platform companies are rebuilding themselves around it - everyone outside tech has read the Economist or BusinessWeek cover story, and many big companies have some projects underway. We know this is a Next Big Thing.

...  
I don't think, though, that we yet have a settled sense of quite what machine learning *means* - what it will mean for tech companies or for companies in the broader economy, how to think structurally about what new things it could enable, or what machine learning means for all the rest of us, and what important problems it might actually be able to solve.

This isn't helped by the term 'artificial intelligence', which tends to end any conversation as soon as it's begun. As soon as we say 'AI', it's as though the black monolith from the beginning of 2001 has appeared, and we all become apes screaming at it and shaking our fists. You can't analyze 'AI'. ...

<https://www.ben-evans.com/benedictevans/2018/06/22/ways-to-think-about-machine-learning-8nefy>

### **They Couldn't have Known** – The Reformed Broker – Josh Brown

The thing very few people tell you about "overvalued" markets is that, occasionally, the fundamentals arrive to justify them. Later, of course, which is how risk takers are compensated for owning stocks selling at a higher than normal multiple. If there were no chance of this happening, then stocks would never reach these higher valuations to begin with, because no one would pay up for them.

But it can happen. It does happen. At the micro level (individual stocks and sectors), there are hundreds of recent examples one could rattle off. Amazon, Netflix, Nvidia – you could go back a decade and pretty much never find a moment where these stocks sold at what investors would traditionally call a "reasonable" valuation. Their stock prices soared and then soared again, thousands of percentage points, as the fundamental stories grew up to justify the valuations investors had *already* been paying.

Not every bet like this works out, but sometimes it does.

This also applies to entire markets. ...

<http://thereformedbroker.com/2018/06/27/they-couldnt-have-known-2/>

### **We tested Google's AI booking service Duplex, and it fooled us into believing it was human** – Business Insider

Google Duplex, the technology that debuted at last month's I/O conference and simultaneously tickled and frightened people by carrying on brief conversations with humans, pretty much works as advertised.

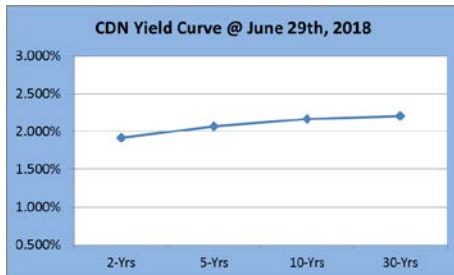
On Tuesday, members of the media were allowed to test Duplex for themselves. The technology is another of Google's Assistants' digital valets, built to perform the relatively simple tasks of booking restaurant reservations or making haircut appointments. ...

<http://www.businessinsider.com/google-duplex-works-almost-perfectly-2018-6>

## 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 Summer CDN 2018 Equity Focus List, and Veritas V-List

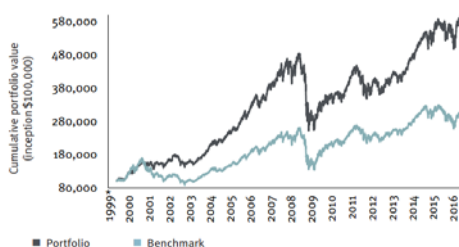
**MG Favs:** CAP REIT, Plaza Corp, Manulife, Fortis Inc, Hydro One, BCE Inc, Canadian Tire.

**RBC CM Focus List:** TD Bank, Royal Bank, Bank of Nova Scotia, Bank of Montreal, 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, Finning 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 June 28<sup>th</sup>, 2018

#### **Enbridge Inc (ENB)**

**L3R Approval is Positive Although Some of the Route to be Clarified**

Ranking: **Outperform (RBC CM)**

Price: \$43.90 CAD - Target: \$54.00 CAD

#### **Manulife Financial Corp (MFC)**

**Expense Control and Legacy Business Updates are Welcomed**

Ranking: **Outperform (RBC CM)**

Price: \$23.63 CAD - Target: \$30.00 CAD

#### **Brookfield Renewable Partners LP (BEP)**

**On the Road with Brookfield Renewable**

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

Price: \$39.52 CAD - Target: \$46.00 CAD

#### **Killam Apartment REIT (KMP.un)**

**Re-Loading the Balance Sheet for H2/18 Investing**

Ranking: **Outperform (RBC CM)**

Price: \$15.04 CAD - Target: \$21.00 CAD

#### **Canadian Natural Resources (CNQ)**

**Update with Steve Laut**

Ranking: **Top Pick (RBC CM)**

Price: \$46.29 CAD - Target: \$55.00 CAD

#### **Blackberry Ltd (BB)**

**Enterprise Software Transition Surprises and Confuses All**

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

Price: \$9.76 CAD - Target: \$11.00 CAD

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

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

- Canadian Natural Resources (CNQ)
- Brookfield Infrastructure Partners

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

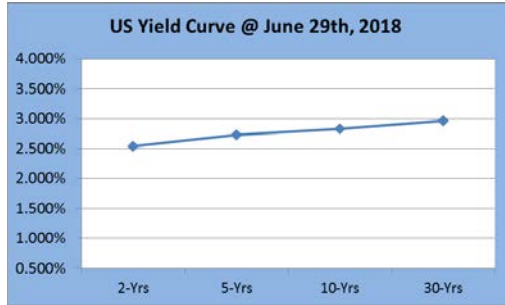
- RBC CM 2018 Look-Ahead: CDN Equities
- RBC Strategy CDN Focus List: Spring 2018
- RBC CM FEW Portfolio - Spring 2018
- RBC CM CDN Sm Cap Conviction List - Spr'18



## 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 5.4%**
- IShares Mortgage Plus Index (REM) **Yield 9.8%**

### **II. MG Favs, RBC DS Summer 2018 US Equity List** **RBC DS Summer '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, Walt Disney, Amazon, Netflix, 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, Berkshire Hathaway, 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 June 28th, 2018

#### **Walmart Inc (WMT)**

**Ciccarelli's Check Points - WMT Introduces 3D Virtual Reality Online Shopping**

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

Price: \$85.86 USD - Target: \$90.00 USD

#### **Intel Corp (INTC)**

**June-Qtr Data Download**

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

Price: \$49.25 USD - Target: \$60.00 USD

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

**Breakup Plan: Spin Healthcare, Exit Baker Hughes, Shrink GE Capital, De-Leverage; Dividend Cut Coming**

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

Price: \$13.83 USD - Target: \$15.00 USD

#### **McDonalds (MCD)**

**An Uneven Move to a Brighter Future in the US**

Ranking: **Outperform (RBC CM)**

Price: \$156.32 USD - Target: \$310.00 USD

#### **NVIDIA Corp (NVDA)**

**Updating the Upside Case Model and Raising Price Target: \$13 CY20 EPS Power**

Ranking: **Outperform (RBC CM)**

Price: \$240.86 USD - Target: \$310.00 USD

#### **Amazon.com, Inc (AMZN)**

**AMS - the Next AWS**

Ranking: **Outperform (RBC CM)**

Price: \$1,701.45 USD - Target: \$1,900.00 USD

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

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

- Berkshire Hathaway (BRK'b)
- Adobe Software (ADBE)

#### **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

## 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

### **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, Just ETF US Large Cap ETF  
ROBO/HBLK/VGT/MIND/HA/HHL/HTA/JUST

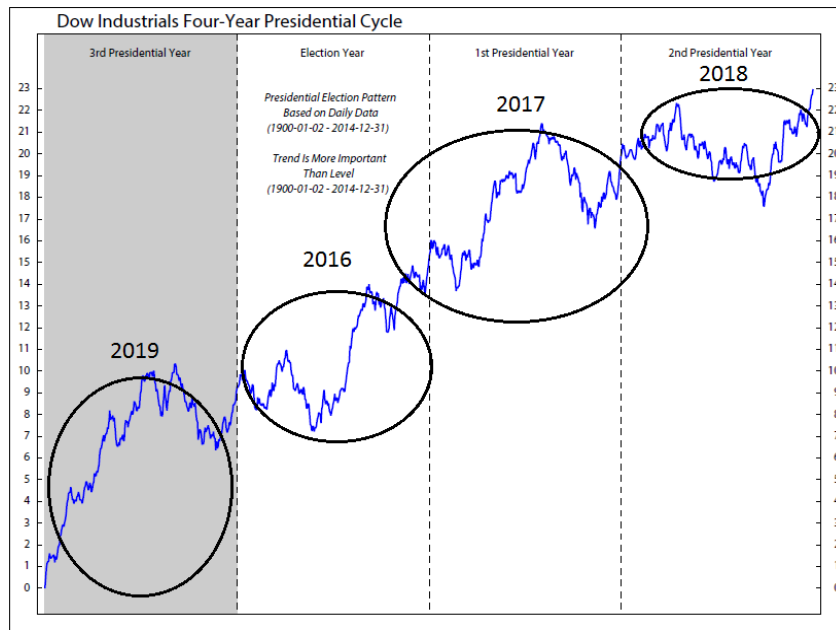





# Technical Update

Portfolio Advisory Group

**Getting used to it.** We are at the halfway point of 2018 and the Dow Industrials and S&P 500 are within 2% of their levels of the start of the year in an ongoing trading range that could still have months to run. When you consider all that has happened in the world so far this year, it is amazing that the major indexes are so close to unchanged for the year, which has defied most earlier expectations. The news has resulted in a market that has been more volatile on a short-term basis, but the net effect has been much more neutral. Last year's strong performance by the markets, combined with the generally higher earnings that are being seen this year resulted in many forecasts for continued strength, but instead the markets have been in more of a sideways consolidation period as they possibly are stalling while the earnings numbers catch up to the higher stock levels. Overall, the range has been about 8% wide for the past five months, with the current short-term trend looking like it could test the lower end of the range again soon.



 <b>American Association of Individual Investors</b>			
Reported Date	Bullish	Neutral	Bearish
June 28:	28.45%	30.75%	40.80%
June 21:	38.72%	35.10%	26.18%
June 14:	44.78%	33.52%	21.70%
June 7:	38.93%	34.35%	26.72%
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%



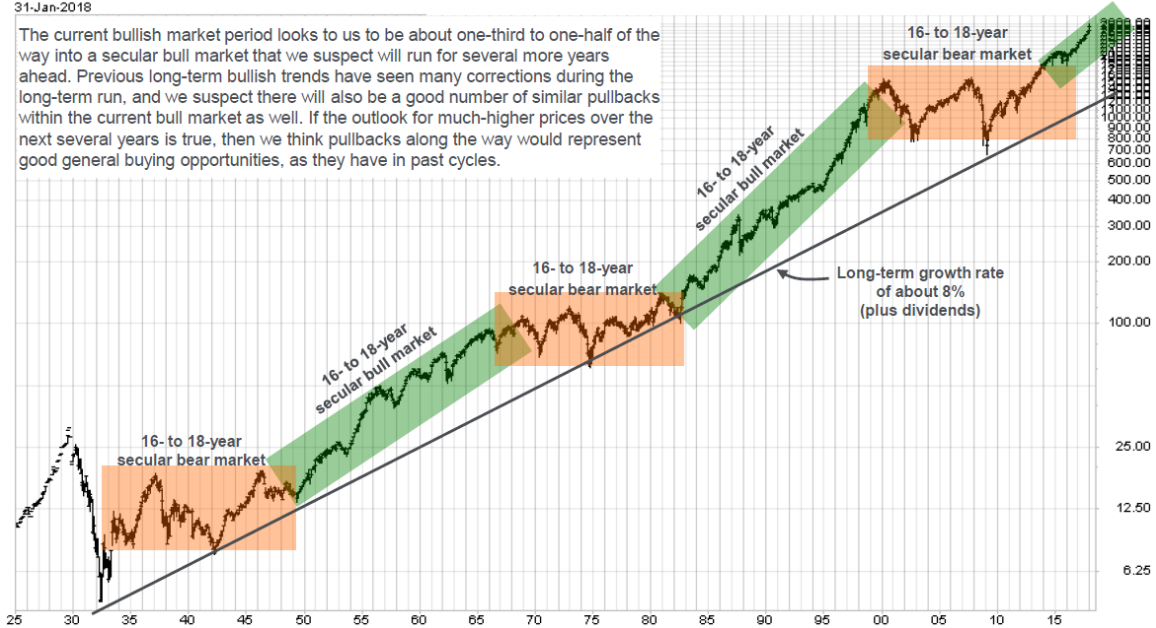
# FAVOURITE CHARTS

## 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.

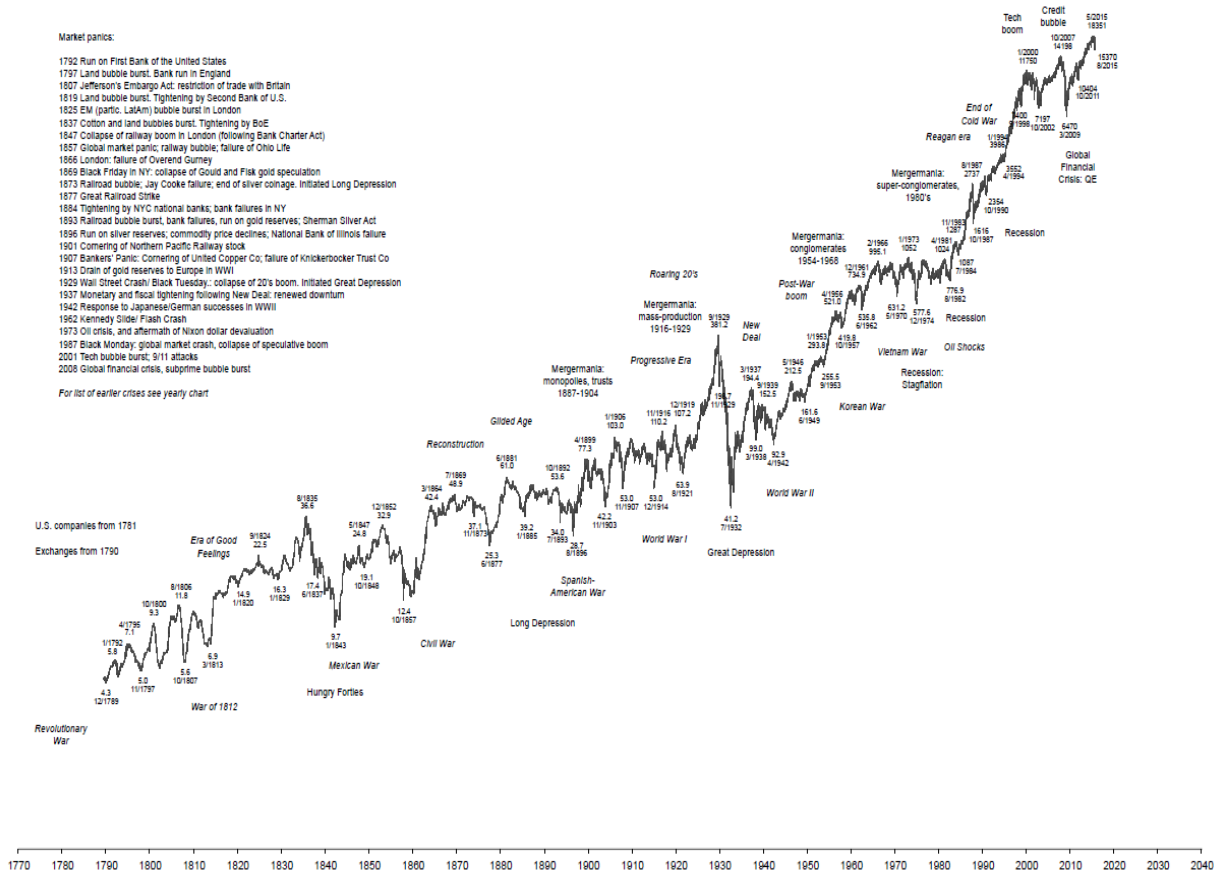


## Dow Jones Industrial Average - 1789 to Date

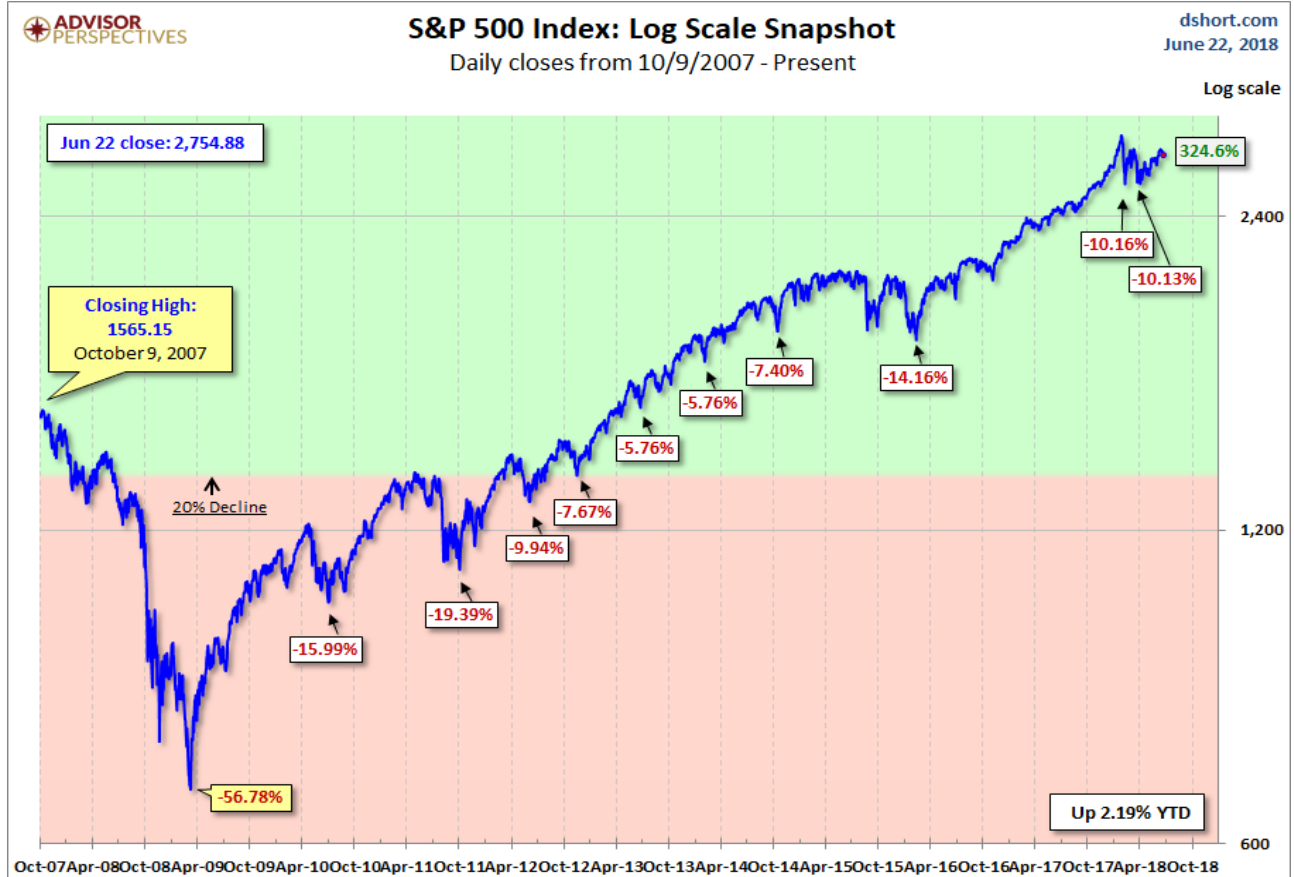
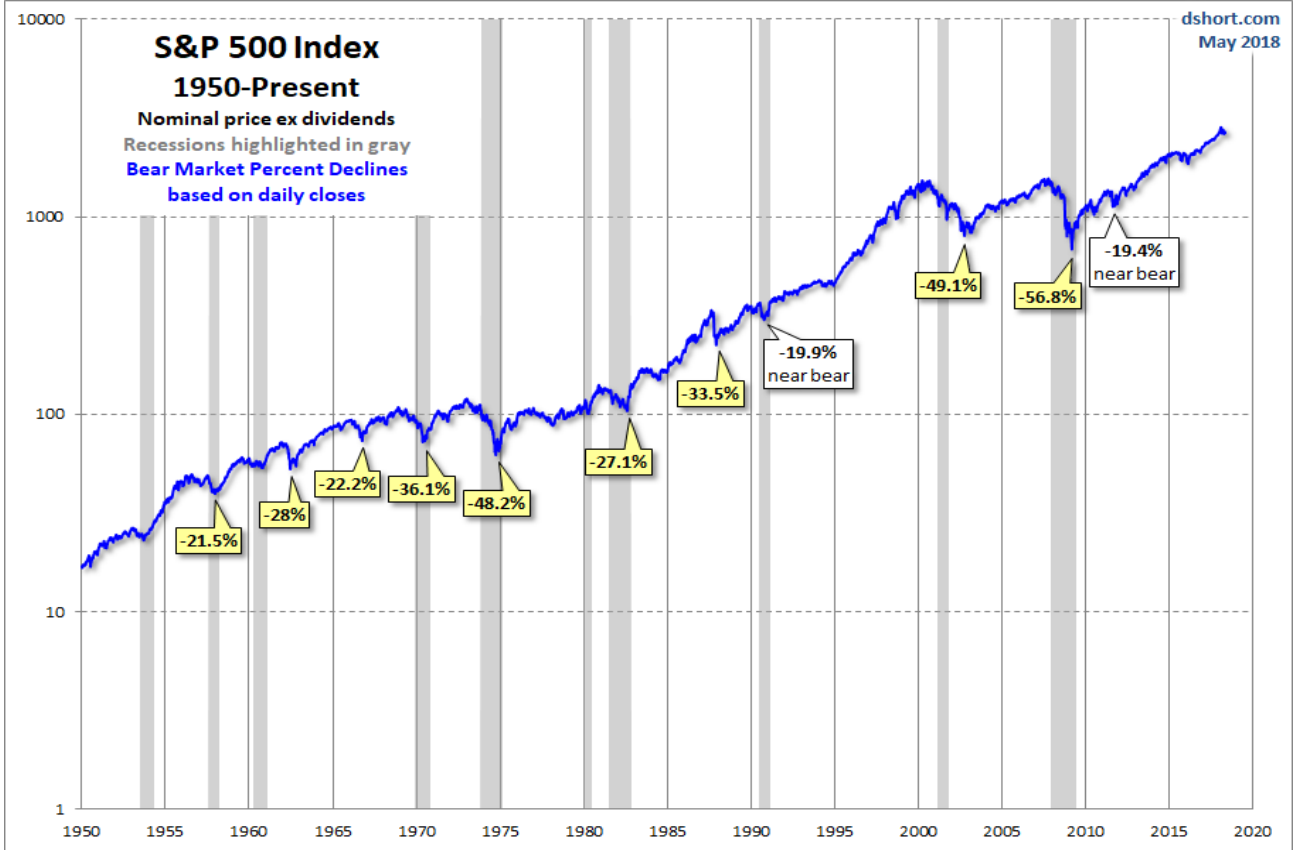
Market panics:

- 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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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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