

MacKay Weekly Investment Report



WEEK ENDING FRIDAY, AUGUST 10, 2018

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.*

On vacation this week.
“Cottage to Cleveland’s House and Back.”
Wow. What a paddle. August 9 2018.
Ryan went to Cleveland’s for lunch in the Scout.
Mark our neighbour went on his paddle board.
Took 3 hours.
So why not me in my kayak.
My plan was to leave at 10:00 and be back at 6:00.
It took until noon to get to the Port Carling locks.
Lots of 10 minute paddles between islands to get there then the Indian River.
Fairly calm to start. So many beautiful sights.
Many amazing boathouses and cottages. Some new and old. Big and small.
Met a few friendly neighbours. Met a few friendly ducks and even a loon.
Light boat traffic at first.
Stopped at park for a short break in Port Carling.
Farmers market day. Jamaica band playing. Kids enjoying the music.
So cool at Port Carling locks as I had the big lock all to myself.
As I left the Peerless steamship was just leaving.
Fearless thought crossed my mind.
Paddled by the lighthouse cottage I’ve always admired.
Inspiration for my bunkie lighthouse.
Still calm. Then around the point the wind picked up.
Saw Red Leaves resort in the distance. Too windy to head directly so padded through the islands.
Took a while. Strong wind. Little nervous. What am I doing? I’m 63 years old.
Beautiful scenery. Great exercise. Keep going. Too many signs.
Finally around one island I saw Cleveland’s House.
About 1:30.
Finally found a place to beach the boat and went to the patio for lunch.

Table 22. I looked like quite the character. With all my gear.
Good Porky Pie lunch and lemonade. 30 minutes.
Time to go back. Tired. Oh well.
Left 2:45. Quite a bit of traffic. Why don’t boats respect small watercraft? Sad.
Wind at my back. Tried a towel sail. Funny. Worked a bit but too windy. I need to paddle to keep boat from flipping. Took till 4:00 to get to lock.
This time had company in the lock.
Rest of paddle was slow and steady.
Few more annoying fast boats.
Great scenery. Wondered if I would make it back in time.
Tried to sail again. Slow and steady.
Finally saw our cottage. Slowly crossed bay.
Made it for 6:00.
Fantastic. I made it. Yvonne was relieved.
Paddled 50 strokes per minute. 6 hours. 18000 strokes. Is that possible.
I sure felt it. A few Guinness helped.
My passion. Ever since I saw my first Kayak at our cottage when I was about 8 years old.
Built my first one at around 14 years old.
Then bought more over the years. Now I have 9.
I use my Current Design 17 foot Solstice Titan Gt.
Good if windy and rough.
I have kayaked one long trip every year of the past ten years.
Highlight of my summer.
Covered all Lake Muskoka.
Now Rousseau and Joseph.
I’m not done yet.
Fearless.
I encourage all to try a long paddle. Wonderful experience.
Peaceful.
Bruce Clayton Mackay.



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

Redefining Wrong in Poker, Politics, and Beyond – Behavioral Scientist – Annie Duke

... When we think in advance about the chances of alternative outcomes and make a decision based on those chances, it doesn't automatically make us wrong when things don't work out. It just means that one event in a set of possible futures occurred.

...

The public-at-large is often guilty of making black-and-white judgments about the "success" or "failure" of probabilistic thinking. When Great Britain voted to leave the European Union ("Brexit") in July 2016, it was an unlikely result. Betting shops had set odds heavily favoring a vote to remain. That does not mean the betting shops had an opinion that remain would win the day. The goal of the bookmaker is to make sure the amount of money bet on either side is equal, so that the losers essentially pay the winners while the bookmaker just takes their fee. They aim to have no stake in the outcome and adjust the odds accordingly. The bookmaker's odds reflect the market's view, essentially our collective best guess of what is fair.

That didn't stop even sophisticated people from *resulting*, declaring after the vote came in leave that the bookmakers made a mistake. ...

<http://behavioralscientist.org/annie-duke-redefining-wrong-poker-politics-decisions/>

Things Fall Apart (pt. 1) – Epsilon Theory – Ben Hunt

... This chart is why incumbent Republicans who speak up against Trump or Trump policies lose their primaries to 9-11 Truthers and that incel-in-training kid in 10th grade history class who proclaimed that the Civil War wasn't really about slavery. This chart is why incumbent Democrats who aren't outright Socialists lose their primaries to latte-sipping, fashion-forward young things who honest-to-god believe that Fidel Castro and Yasser Arafat had some pretty good ideas if you just stop and think about it. ...

<http://www.epsilontheory.com/things-fall-apart-pt-1/>

Anti-immigration, like pro-immigration, is a legitimate political position – The Economist – Yuval Noah Harari

The European discussion about immigration often degenerates into a shouting match in which neither side hears the other. To clarify matters, it would perhaps be helpful to view immigration as a deal with three basic conditions or terms:

Term 1: The host country allows the immigrants in.

Term 2: In return, the immigrants must embrace at least the core norms and values of the host country, even if that means giving up some of their traditional norms and values.

Term 3: If the immigrants assimilate to a sufficient degree, over time they become equal and full members of the host country. 'They' become 'us'.

These three terms give rise to three distinct debates about the exact meaning of each term: ...

<https://www.economist.com/open-future/2018/08/06/anti-immigration-like-pro-immigration-is-a-legitimate-political-position>

Natural Maniacs – Collaborative Fund – Morgan Housel

I'm going to try to explain Elon Musk's behavior. First, a story about fighter pilots.

John Boyd was probably the greatest fighter pilot to ever live. He revolutionized his field more than anyone before or since. A manual he wrote, *Aerial Attack Study*, incorporated as much math into the science of fighting maneuvers as the engineers who built the planes use themselves. His insights were simple but powerful. In

one, Boyd realized a tactical advantage was not how fast or high a plane could fly, but how quickly it could change course and begin climbing – a discovery that changed not only how pilots thought, but how planes were built. He was as close to a flying savant as they come: Boyd’s manual – most of it written in his 20s – became the official tactics guide of fighter pilots. It’s still used today. ...

<http://www.collaborativefund.com/blog/natural-maniacs/>

Two Powerful Mental Models: Network Effects and Critical Mass – Andreessen Horowitz – Tren Griffin

This post is all about network effects and critical mass. But it’s also about applying those concepts as important mental models in business, so I will share a short story about a business decision I once made that required me to consider network effects.

...

One of the most important mental models in business is the concept of **network effects**. This is especially true today, when other factors that can create a moat against competitors – brand, regulation, supply-side economies of scale, and intellectual property (like patents) – are under threat. As software continues to “eat the world,” network effects become even more important as a factor in creating a moat since that’s the primary way software companies build a barrier to entry against competitors. That’s why venture capital firms investing in software-based startups include network effects in the business attributes they are looking for. Nothing scales as well as a software business, and nothing creates a moat for that business more effectively than network effects. ...

https://a16z.com/2016/03/07/network-effects_critical-mass/

In Times of Trade War, Companies Get Creative to Avoid Tariffs – Bloomberg – A. Mayeda & M. Niquette

Facing the barrage of President Donald Trump’s tariffs, Steve Katz is ducking for cover in the trade-war version of a demilitarized zone.

Katz manages a plant at United Chemi-Con in Lansing, North Carolina, a village of about 150 people with no traffic signal. The facility, which makes capacitors for industrial and consumer products, is covered by a foreign-trade zone based in Greensboro. Trade zones are areas in or near ports of entry under U.S. Customs and Border Protection supervision that are generally considered outside of CBP territory. With the blessing of the U.S. government, companies can import goods into the zone with reduced duties on a case-by-case basis.

That can be a vital tool for a company in times of trade war. ...

<https://www.bloomberg.com/news/articles/2018-08-10/in-times-of-trade-war-companies-get-creative-to-avoid-tariffs3>

Inside Russia’s Invasion of the US Electric Grid – Axios – Steve LeVine

In the Cold War, the U.S. and Russia deterred any major attack by the other with existentially dangerous arsenals of nuclear-tipped missiles. Now, Russia has what it views as a potent new deterrent, experts say – cyber implants in the U.S. electric grid.

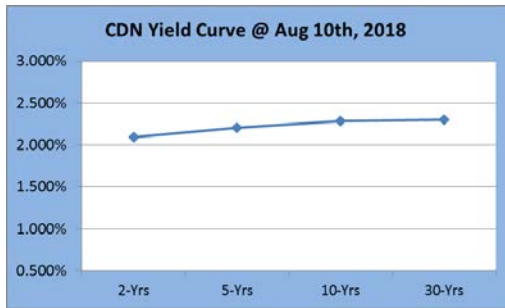
What's going on: Over the last year, Russian hackers have infiltrated power stations and other points on the U.S. grid – and now are inside hundreds, empowering them to create chaos with massive blackouts, U.S. officials say.

<https://www.axios.com/russia-united-states-cyber-war-electric-power-grid-cb71f036-1ccc-47a2-93b7-fe4220e36622.html>

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

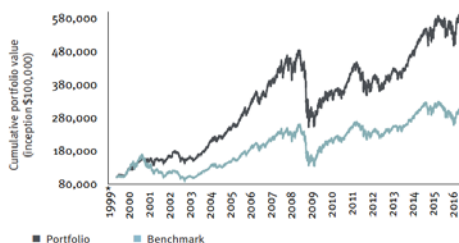
MG Favs: CAP REIT, Plaza Corp, Manulife, Fortis Inc, Hydro One, BCE Inc, Canadian Tire.

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 Aug 9th, 2018

Brookfield Asset Management (BAM'a)

In-Line Q2 Results; Sometimes the Best Offence is a Good Defence

Ranking: **Outperform (RBC CM)**

Price: \$57.25 CAD - Target: \$61.00 CAD

Onex Corp (ONEX)

More Than Meets the Eye: 3 Reasons Onex is Worth a Second Look

Ranking: **Outperform (RBC CM)**

Price: \$96.95 CAD - Target: \$110.00 CAD

Canadian Tire Corp (CTC'a)

Cold Shower: Wet April, Investment in Growth Drive Q2 Below Expectations

Ranking: **Outperform (RBC CM)**

Price: \$168.08 CAD - Target: \$197.00 CAD

Manulife Financial Corp (MFC)

Q2/18 Checks Off All the Boxes

Ranking: **Outperform (RBC CM)**

Price: \$24.12 CAD - Target: \$30.00 CAD

Magna International (MG)

Solid Q2/18, Though Soft Margin Outlook

Ranking: **Outperform (RBC CM)**

Price: \$70.48 CAD - Target: \$96.00 CAD

WSP Global (WSP)

Q2/18 Preview: Ongoing Progress on Diversification and Cost Savings in Focus

Ranking: **Outperform (RBC CM)**

Price: \$73.06 CAD - Target: \$83.00 CAD

Stock of the Day Picks this Week:

- Prepared by Ryan

- WSP Global (WSP)
- Brookfield Asset Management (BAM'a)

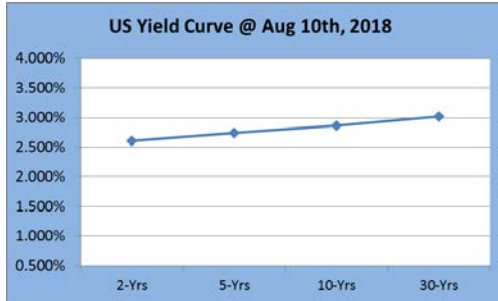
Research Publications (available upon request)

- RBC CM 2018 Look-Ahead: CDN Equities
- RBC Strategy CDN Focus List: Summer '18
- RBC CM FEW Portfolio - Summer 2018
- RBC CM CDN Sm Cap Conviction List - Sum'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 5.5%**
- IShares Mortgage Plus Index (REM) **Yield 9.9%**

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 Aug 9th, 2018

CVS Health Corp (CVS)

CVS Q2 Outlook Lining Up with Positive Thesis

Ranking: **Outperform (RBC CM)**

Price: \$68.57 USD - Target: \$90.00 USD

The Walt Disney (DIS)

Pay It Forward

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

Price: \$114.16 USD - Target: \$140.00 USD

Berkshire Hathaway (BRK'b)

Strong 2Q Results Significantly Exceed Consensus Estimates

Ranking: **Overweight (JPM)**

Price: \$209.10 USD - Target: \$235.00 USD

Kraft Heinz (KHC)

Margin Pressure, but Increasing Confidence

Ranking: **Outperform (RBC CM)**

Price: \$60.00 USD - Target: \$73.00 USD

Stock of the Day Picks this Week:

- Prepared by Ryan

- Stryker Corp (SYK)
- Mastercard (MA)

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

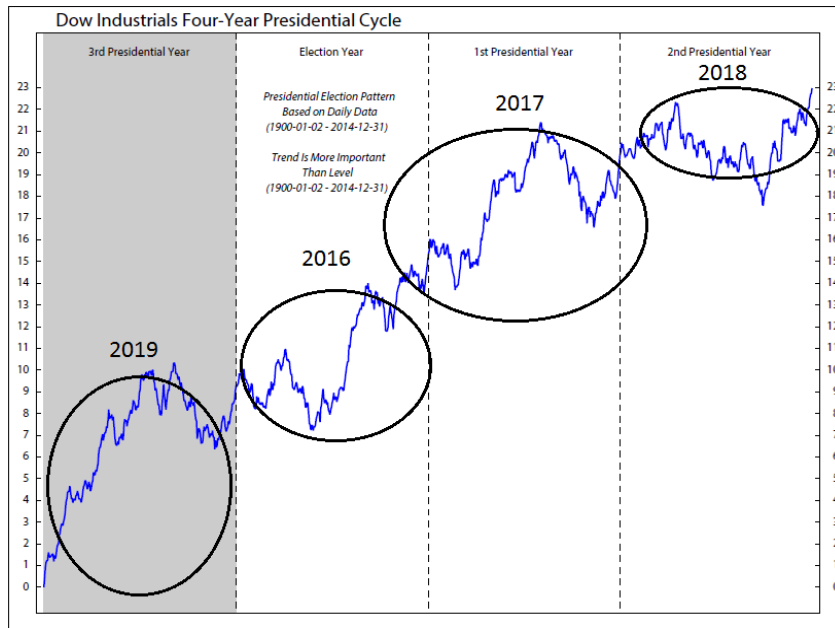





Technical Update

Portfolio Advisory Group

Back to the highs. The market rally of the past month has moved the U.S. stock indexes back up to near their all-time highs from January despite the international and economic news and concerns that have been prevalent during the period. It can make someone question whether the interpretation of the news has that much to do with the stock market even though most people continue to believe it does. In reality, the earnings reporting season has been coming in with results that have generally exceeded expectations by a wide margin, and this is the ultimate factor in determining stock prices. Positive surprises produce positive results, and now that the earnings reporting season is winding down, we think it is likely the indexes will continue their mostly sideways ranges for the year until the next quarter reports start to come into view..



 American Association of Individual Investors				
Reported Date	Bullish	Neutral	Bearish	
August 9:	36.36%	32.60%	31.03%	
August 2:	29.11%	38.81%	32.08%	
July 26:	31.52%	41.58%	26.90%	
July 19:	34.66%	40.40%	24.94%	
July 12:	43.05%	27.80%	29.15%	
July 5:	27.86%	32.87%	39.28%	
June 28:	28.45%	30.75%	40.80%	
June 21:	38.72%	35.10%	26.18%	
June 14:	44.78%	33.52%	21.70%	



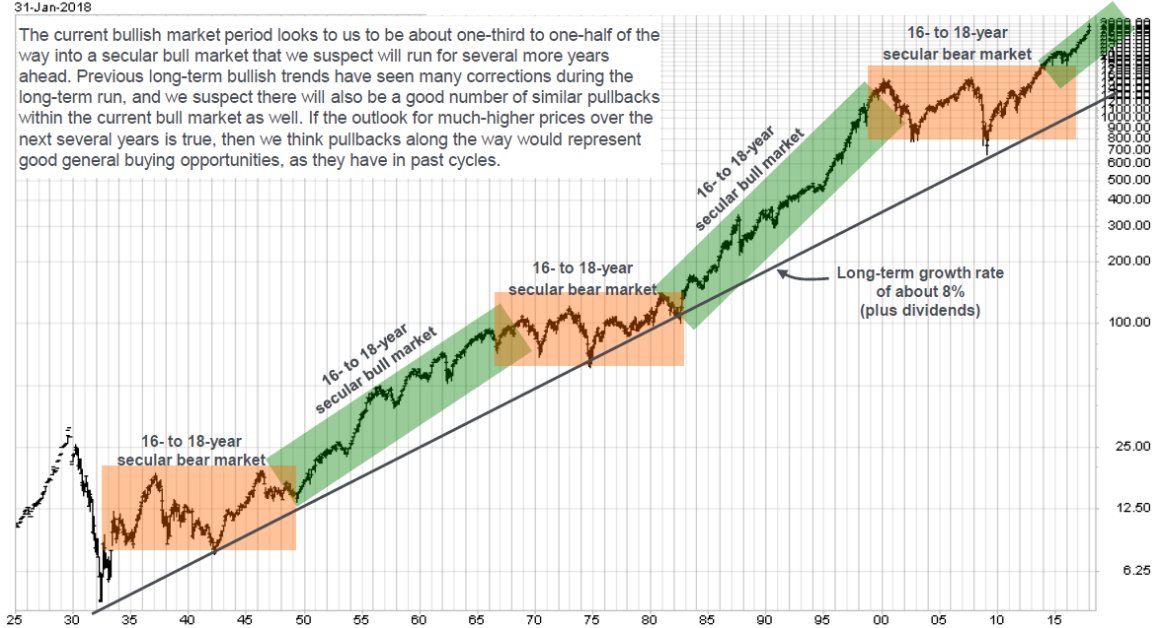
FAVOURITE CHARTS

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.

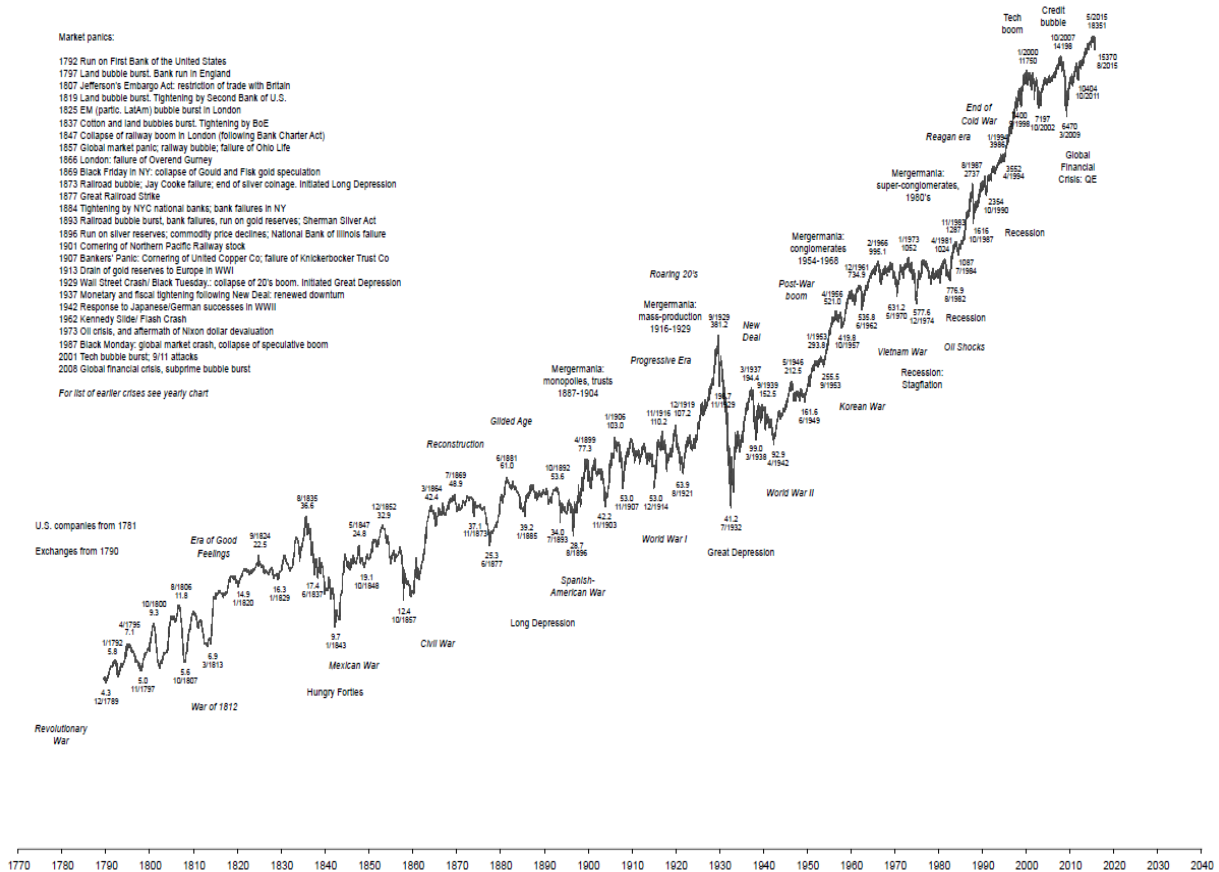


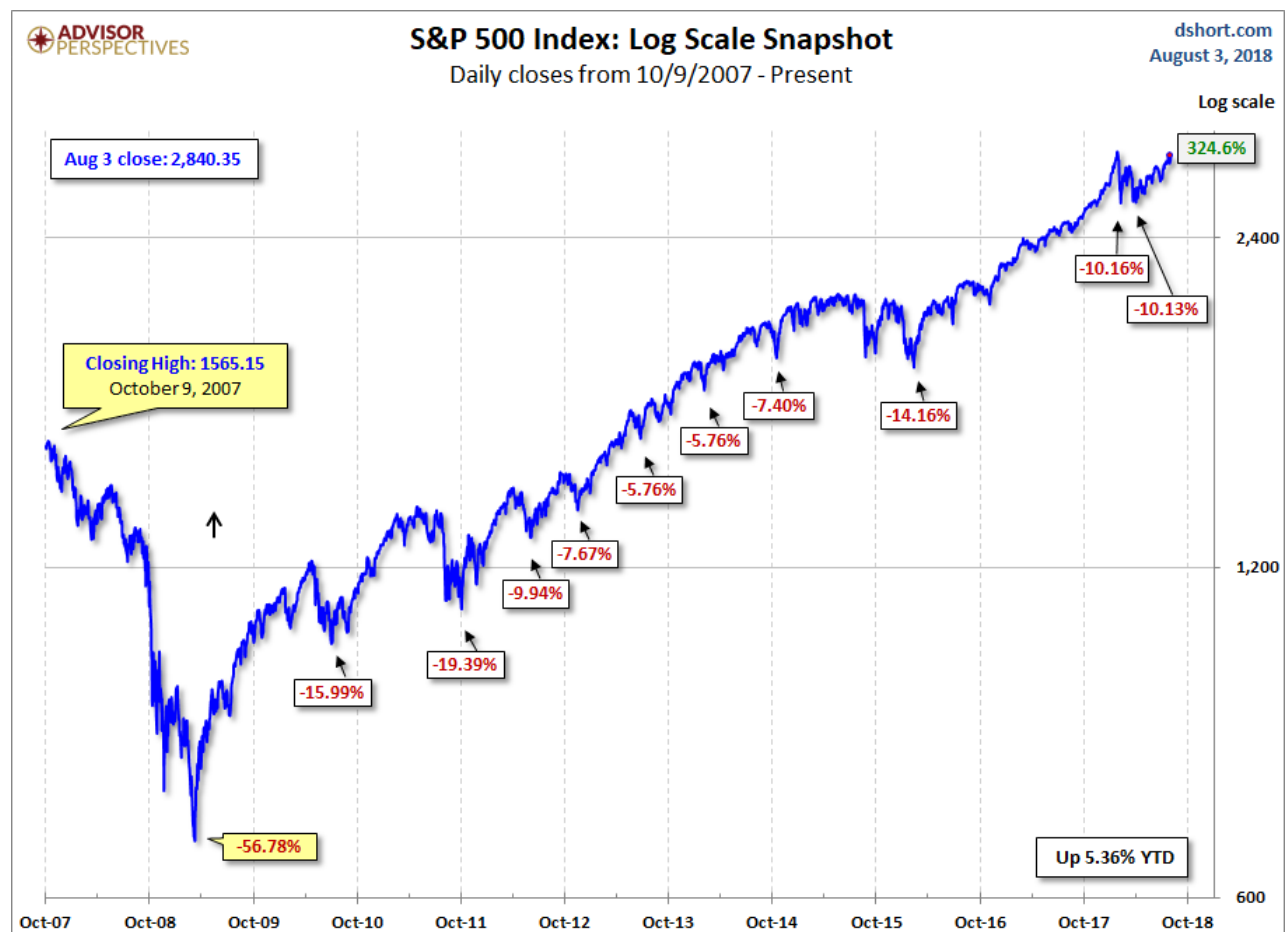
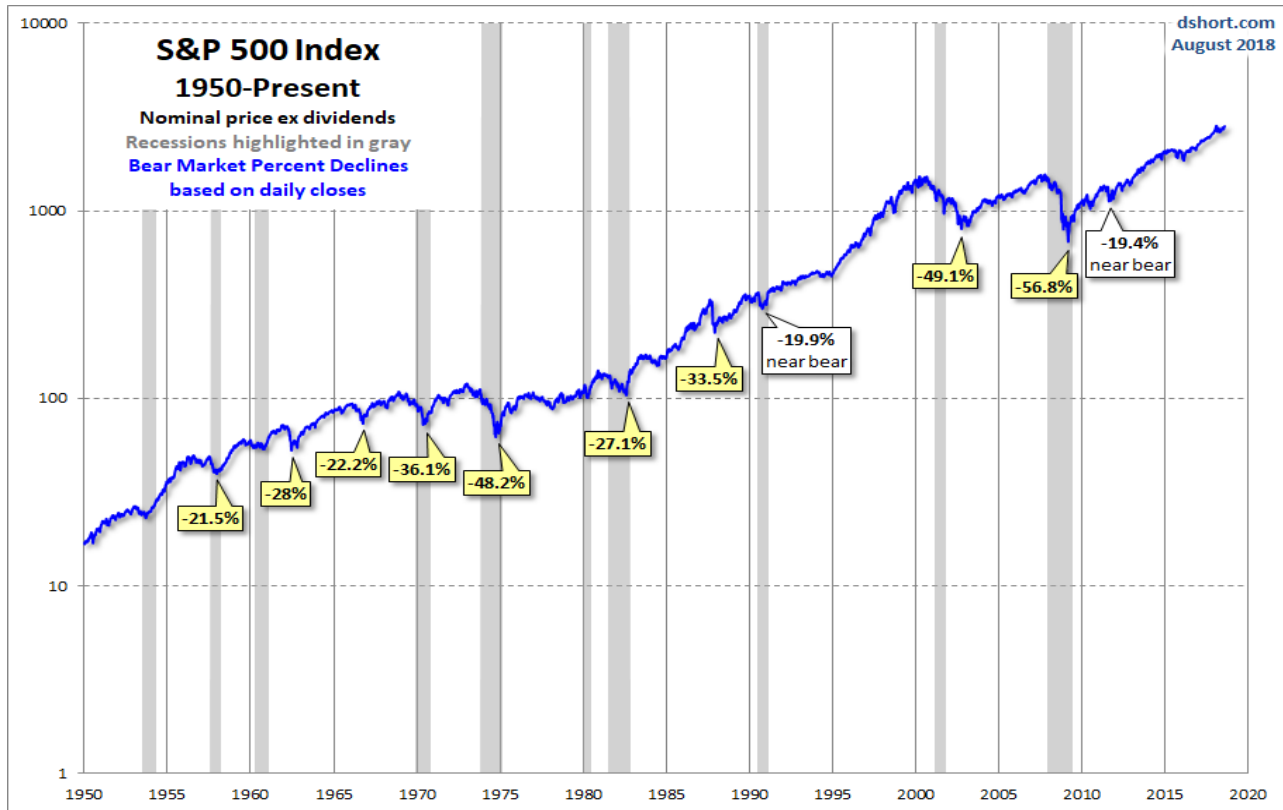
Dow Jones Industrial Average - 1789 to Date

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*

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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

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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.

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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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