

# MacKay Weekly Investment Report



WEEK ENDING FRIDAY, NOVEMBER 9, 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.

**Mid-Terms Expected/78% Beating so Far/6 Leading**  
Better week for CDN & US equity markets - TSX up 3.6% - Dow up 6.5% - will it hold until year-end? Markets get mid-terms right.

**Positives:** US mid-term elections turned out about as expected - S&P 500 best rally since 1982 - historically equity market performs very well for the year following elections. Infrastructure spending could be building in US. OPEC is now talking about moves to support oil prices. Numerous Reuters articles released this week held upbeat tone towards US & china relations. Earnings season in US - 78% are companies beating earnings estimates - 61% of companies beating revenue estimates - forward earnings estimate \$172.99 - EPS growth 27.1% - revenue grows 8% - of 75% of S&P 500 companies having reported. AAI Investor Sentiment Survey 41.3% bullish - optimism rebounded strongly from an unusually low level - still remains below average. Keep your eyes on the fundamentals - if you read the headlines or watch the news, conventional wisdom has been hammering the idea of an escalating trade war with China - if you do your own research you find China has already started backing off (B Wesbury). TLT 20 year treasury \$112.00, long way to go until 90 - historically a recession level. Corporate tax cuts and deregulation policies are pro growth. Rising wages appear to be drawing more workers back into labour force. Jim Allworth presented at our managed money conference this week - does not see a recession for 2 years - his 6 leading indicators are fine: 1) credit - easy money, 2) Yield curve - while flattening is not inverted, 3) Q3 nominal growth rate is 5.5% (GDP + inflation) we will need 14 rate hikes to be flat, 4) unemployment claims have not turned up, 5) leading economic index (10 economic services) yoy change 7% long way from zero , 6) ISM - new orders and inventories are still quite high.

**Negatives:** Speculation rises of fresh elections in Italy amid budget standoff between Rome & Brussels - effects European Union. If it's the best economy that we ever had - why raise rates - why not leave it be if it's growing with low inflation. New York Fed probability of a recession indicator in next 12 months still rising. Housing has deteriorated prior to virtually all recessions - save the 2001 downturn. Global Citi Economic Surprise Index have been decelerating. We have endured two 10% corrections in the same year for all 3 major averages - this only happened in 1973, 1974, 1987, 2000, 2001, 2002, & 2002 - all but 1987 signalled a recession - but that wasn't pretty (D. Rosenberg). US mortgage applications hit lowest since 2014 as rate rise.

**Investment Wisdom:** "Every past decline looks like an opportunity, every future decline looks like a risk" - Morgan Housel

**PORTFOLIO MANAGEMENT-Week's Highlights**

**Stock of the Days:** TRP, COST, BA, GIB'a, DIS

**New Issues:** IPL, RY

Have a great weekend. Bruce

Exchange	08-Nov-18	YoY	MoM
S&P/TSX	15,357.47	-4.5%	-3.1%
DJIA	26,191.22	11.6%	-0.9%
S&P 500	2,806.83	8.6%	-2.6%
Nasdaq	7,530.88	11.6%	-2.7%
FTSE 100 Index (UK)	7,140.68	-4.6%	-1.3%
DAX Index (Germany)	11,527.32	-12.6%	-3.8%
Hang Seng Index (HK)	26,227.72	-10.0%	0.2%
Nikkei 225 (Japan)	22,486.92	-1.7%	-4.2%
Shanghai 180 (China)	7,256.89	-16.7%	-1.6%

**MacKay Weekly Investment Report Contents:**

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

### **The Plentiful Job Market** - First Trust - Brian Wesbury

Growth is determined by a perpetual tug-of-war between entrepreneurship and government redistribution. When President Obama was in office, we believed incredible technological innovation would allow for economic growth in spite of Obamacare, greater redistribution, higher taxes and increased regulatory burdens. We thought it would be a Plow Horse Economy, and that things would get better if we did not grow government so much.

From mid-2009 through early 2017, real GDP grew at a 2.2% annual rate, with plodding growth in wages. It certainly wasn't an economic boom, but it wasn't recessionary either. For us, this meant we were shunned by both sides of the press.

We consistently repeated that the economy would grow faster with a better set of policies. So we became pariahs: liberal commentators didn't want to hear about the free market policies we thought would improve economic growth; while conservative commentators didn't want to hear about the economy being anything other than awful.

Now, thanks to the long-awaited corporate tax cut and deregulation, policies are more pro-growth. ...  
<https://www.ftportfolios.com/Commentary/EconomicResearch/2018/11/5/the-plentiful-job-market>

### **Eric Schmidt on the Life-Changing Magic of Systematizing, Scaling and Saying "Thanks"** - Medium

... If you look in China – I was just there – the scale of the companies that are being built, the services that are being built, the wealth that has been created is phenomenal. The Chinese Internet is a greater percentage of the GDP of China, which is a big number, than the same percentage in the United States, which is also a big number.

So, if you think of China as like, "Oh, yeah, you're having good with Internet," you're missing the point. Globalization means they get to play too. And I think you're going to see a fantastic leadership in products and services from China, and there's a real danger that, along with those fantastic products and services, comes a different leadership regime from the government, which is censorship and controls and limits and so forth. ...  
<https://medium.com/conversations-with-tyler/eric-schmidt-tyler-cowen-google-ec33aa3e6dae>

### **The Internet's History has Just Begun** - Our World in Data - Max Roser

... And while many of us cannot imagine their lives without the services that the internet provides, the key message for me from this overview of the global history of the internet is that we are still in the very early stages of the internet. It was only in 2017 that half of the world population was online; and in 2018 it is therefore still the case that close to half of the world population is not using the internet.<sup>5</sup> The internet has already changed the world, but the big changes that the Internet will bring still lie ahead and its history has just begun. ...

<https://ourworldindata.org/internet-history-just-begun>

### **The Wall Street Math Hustle** - Institutional Investor - R. Wiggins & M. Edesess

Wall Street excels at selling things – but the academic-industrial-finance complex's reputation for sophisticated mathematics is a myth.

The financial industry uses mathematics in a manner that would be mortifying to any other field of science. Academic literature and industry research are rife with pseudo-mathematical nonsense. You don't have to look far to see where the motivation lies: Many of the authors are either employed by or retained by richly

paid investment management and consulting firms. Faced with soaring investor interest in algorithm-powered investment strategies, the habit – indeed, the *requirement* – today is for firms to use scientific language and notation to nourish the idea that they've proved mathematically that there's a way to systematically beat the market.

They haven't. ...

<https://www.institutionalinvestor.com/article/b1bpqyp4684v06/the-wall-street-math-hustle>

**The Unlikely Activists Who Took On Silicon Valley – and Won** - The New York Times - N. Confessore  
The way Alastair Mactaggart usually tells the story of his awakening – the way he told it even before he became the most improbable, and perhaps the most important, privacy activist in America – begins with wine and pizza in the hills above Oakland, Calif. It was a few years ago, on a night Mactaggart and his wife had invited some friends over for dinner. One was a software engineer at Google, whose search and video sites are visited by over a billion people a month. As evening settled in, Mactaggart asked his friend, half-seriously, if he should be worried about everything Google knew about him. "I expected one of those answers you get from airline pilots about plane crashes," Mactaggart recalled recently. "You know – 'Oh, there's nothing to worry about.'" Instead, his friend told him there was plenty to worry about. If people really knew what we had on them, the Google engineer said, they would flip out. ...

<https://www.nytimes.com/2018/08/14/magazine/facebook-google-privacy-data.html>

**Making Sense Of Multiples: Mauboussin On EV/EBITDA** - Forbes.com - Kevin Harris

Michael Mauboussin is currently the Director of Research at BlueMountain Capital Management. Michael recently published a widely circulated paper discussing the merits and pitfalls of the usage of EV/EBITDA in valuation work.

Before his current role at BlueMountain, Michael was the Head of Global Financial Strategies at Credit Suisse and the Chief Investment Strategist at Legg Mason Capital Management. He has also authored multiple books, and a wide variety of articles in publications including the Harvard Business Review, The Journal of Applied Corporate Finance.

Kevin Harris from SumZero sat down with Michael to further discuss his thoughts on use of the EV/EBITDA multiple, value investing, and his career as an investor. ...

<https://www.forbes.com/sites/kevinharris/2018/11/05/making-sense-of-multiples-mauboussin-on-evebitda/>

**Oracle confirms China Telecom internet traffic 'misdirections'** - ZD Net - C. Cimpanu

Oracle's Internet Intelligence division has confirmed today the findings of an academic paper published two weeks ago that accused China of "hijacking the vital internet backbone of western countries."

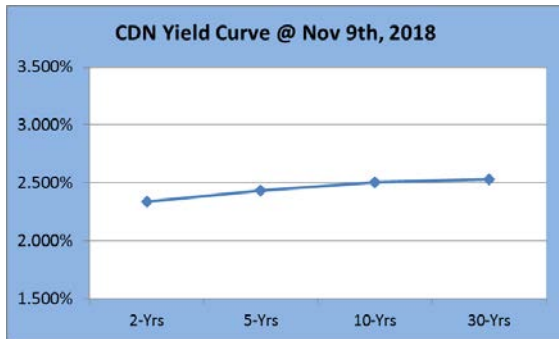
The research paper was authored by researchers from the US Naval War College and Tel Aviv University and it made quite a few waves online after it was published. Researchers accused China Telecom, one of China's biggest state-owned internet service providers, of hijacking and detouring internet traffic through its normally-closed internet infrastructure. ...

<https://www.zdnet.com/article/oracle-confirms-china-telecom-internet-traffic-misdirections/>

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

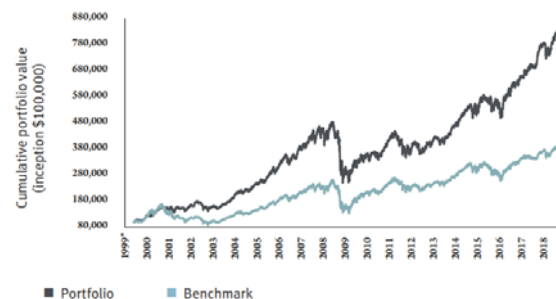
**MG Favs:** CAP REIT, Plaza Corp, Fortis Inc, Hydro One, BCE Inc, Canadian Tire.

**RBC CM Focus List:** TD Bank, Royal Bank, Bank of Nova Scotia, Bank of Montreal, National Bank, Brookfield Asset Management, Intact Financial, Onex Corp, 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, ...

#### RBC Canadian Focus List Performance

Historical total return since inception to September 30, 2018



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

Market prices as of market close on Nov 8<sup>th</sup>, 2018

**Brookfield Asset Management (BAM'a)**  
**Operating and Fundraising Trends Remain Favourable**

Ranking: **Outperform (RBC CM)**

Price: \$54.54 CAD - Target: \$61.00 CAD

**Magna International (MG)**

**Solid Q3/18 Results and "Good Enough" Guidance; Valuation Remains Attractive**

Ranking: **Outperform (RBC CM)**

Price: \$64.40 CAD - Target: \$94.00 CAD

**TransCanada Corp (TRP)**

**First Glance: Federal Judge Throws KXL into Doubt**

Ranking: **Outperform (RBC CM)**

Price: \$52.21 CAD - Target: \$65.00 CAD

**Sun Life Financial (SLF)**

**Mixed Quarters Happen, the Long Term Thesis is Still Solid and Intact**

Ranking: **Outperform (RBC CM)**

Price: \$48.63 CAD - Target: \$61.00 CAD

**Canadian Tire Corp (CTC'a)**

**Revving the Engine: Strong and Much Better-than Expected Q3 Results**

Ranking: **Outperform (RBC CM)**

Price: \$162.46 CAD - Target: \$201.00 CAD

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

##### - Prepared by Ryan

- TransCanada Corp (TRP)
- CGI Group (GIB'a)

#### Research Publications (available upon request)

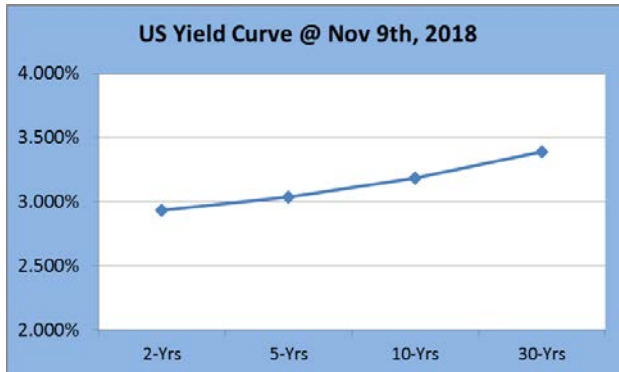
- RBC CM 2018 Outlook: CDN Equities
- RBC Strategy CDN Focus List: Fall '18
- RBC CM FEW Portfolio - Fall 2018
- RBC CM CDN Sm Cap Conviction List - Fall'18



## 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 5.6%**
- iShares Mortgage Plus Index (REM) **Yield 10.3%**

### **II. MG Favs, RBC DS Fall 2018 US Equity List RBC DS Fall '18 Global Equity Focus List**

**MG Favs:** Berkshire Hathaway, Bank of America, Visa, Home Depot, Verizon, Apple, 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 **Nov 1<sup>st</sup>, 2018**

#### **The Walt Disney Co (DIS)**

**FY 19 - In It to Win It**

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

Price: \$116.00 USD - Target: \$140.00 USD

#### **DowDuPont Inc (DWDP)**

**New DOW Bullish**

**Ranking: Top Pick (JPM)**

Price: \$59.44 USD - Target: \$75.00 USD

#### **Exxon Mobil (XOM)**

**Executing on the Longer-Term Strategy**

**Ranking: Outperform (RBC CM)**

Price: \$80.89 USD - Target: \$115.00 USD

#### **Alibaba Group Holdings (BABA)**

**2Q19 Results - Macro Headwinds Slow Revenue Growth Down to the Mid 50% Area**

**Ranking: Outperform (RBC CM)**

Price: \$148.99 USD - Target: \$200.00 USD

#### **Qualcomm (QCOM)**

**Cost Containment Offset by Soft Smartphone Demand**

**Ranking: Outperform (RBC CM)**

Price: \$58.05 USD - Target: \$71.00 USD

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

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

- Costco (COST)
- Boeing (BA)
- The Walt Disney Co (DIS)

#### **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

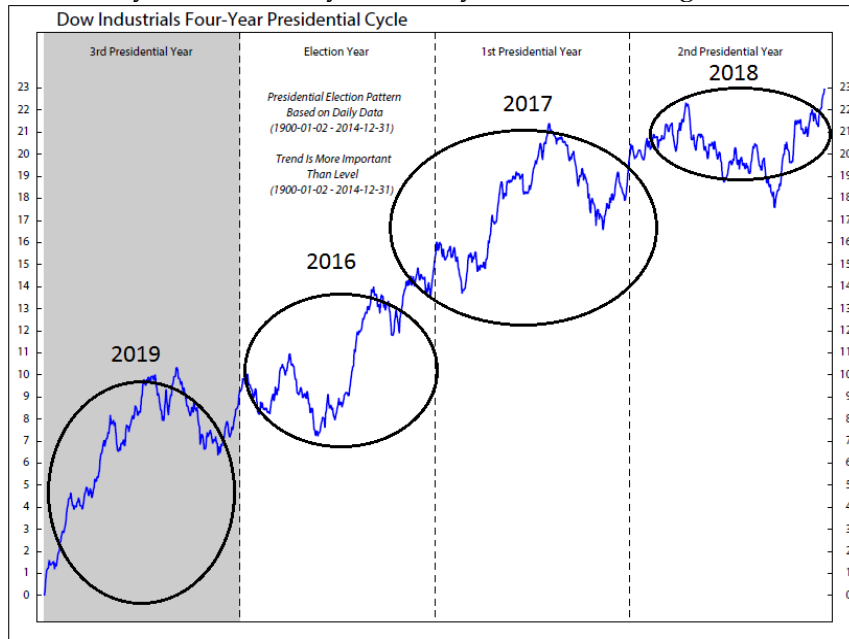





# Technical Update

Portfolio Advisory Group

**Some partial answers.** The market has made a good move up from the lows with the Dow Industrials traveling up about 2500 points in seven days preceding the election. Now that the election results are known, at least one market concern has been resolved – sort of. The problem with politics however, is that it seems to be much less predictable than corporate earnings and stock markets, so that type of unknown is always going to be out there. Although the markets have made a good push higher in recent days, we need to see some further strength to confirm that the rally is the start of a trend and not just another bounce in the decline that started a month ago. The volume has been declining as the market has risen, which we believe is a sign of less enthusiasm from buyers and may make the rally less likely to follow through.



 <b>American Association of Individual Investors</b>			
Reported Date	Bullish	Neutral	Bearish
November 8:	41.28%	27.52%	31.19%
November 1:	37.93%	27.59%	34.48%
October 25:	27.97%	31.03%	41.00%
October 18:	33.94%	31.05%	35.02%
October 11:	30.61%	33.94%	35.45%
October 4:	45.66%	29.22%	25.11%
September 27:	36.22%	32.68%	31.10%
September 20:	32.04%	35.92%	32.04%
September 13:	32.09%	35.07%	32.84%



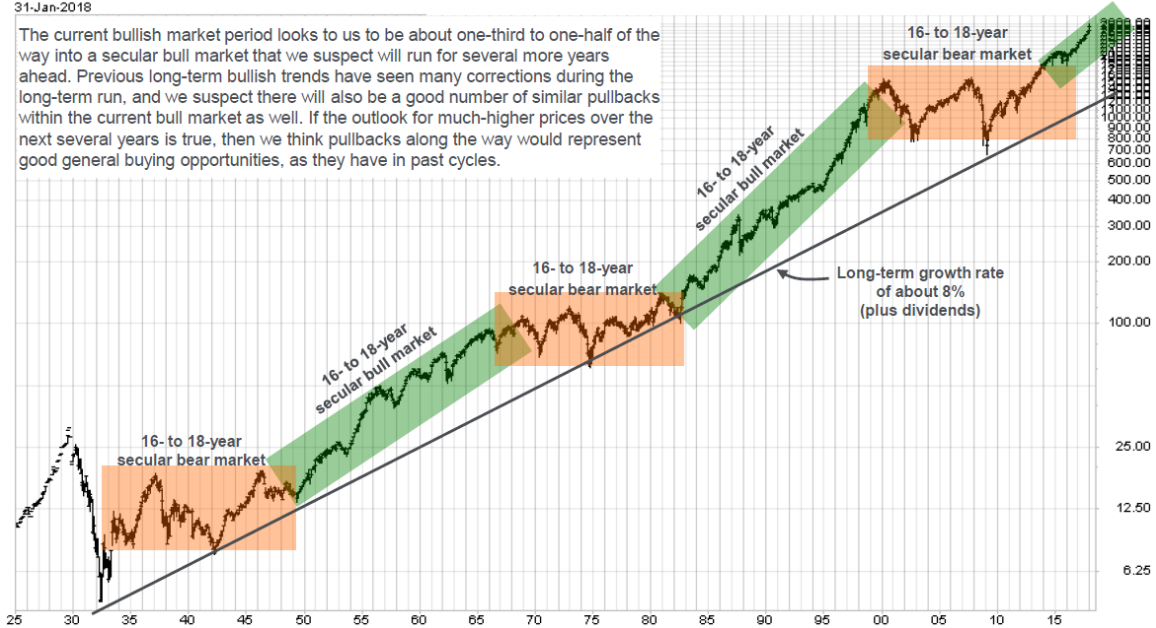
# FAVOURITE CHARTS

## 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.

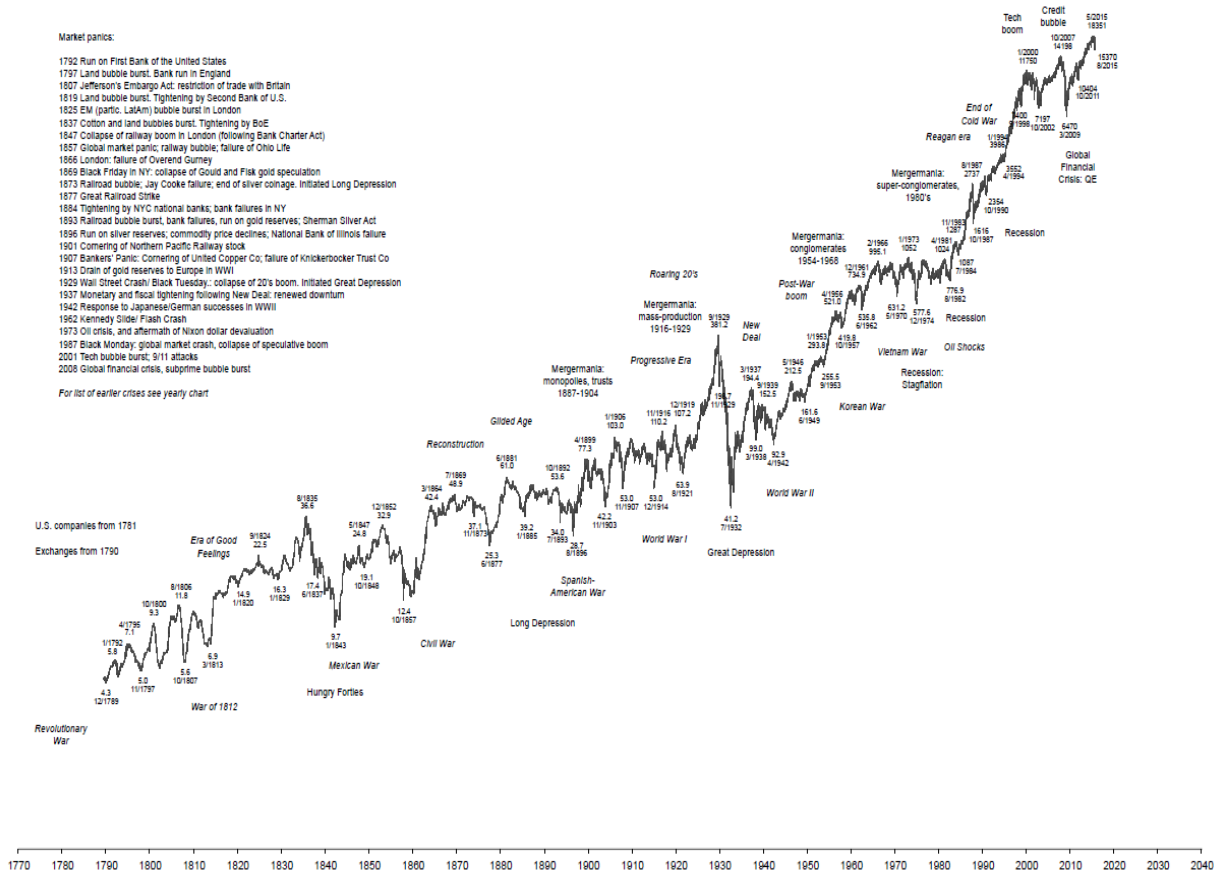


## Dow Jones Industrial Average - 1789 to Date

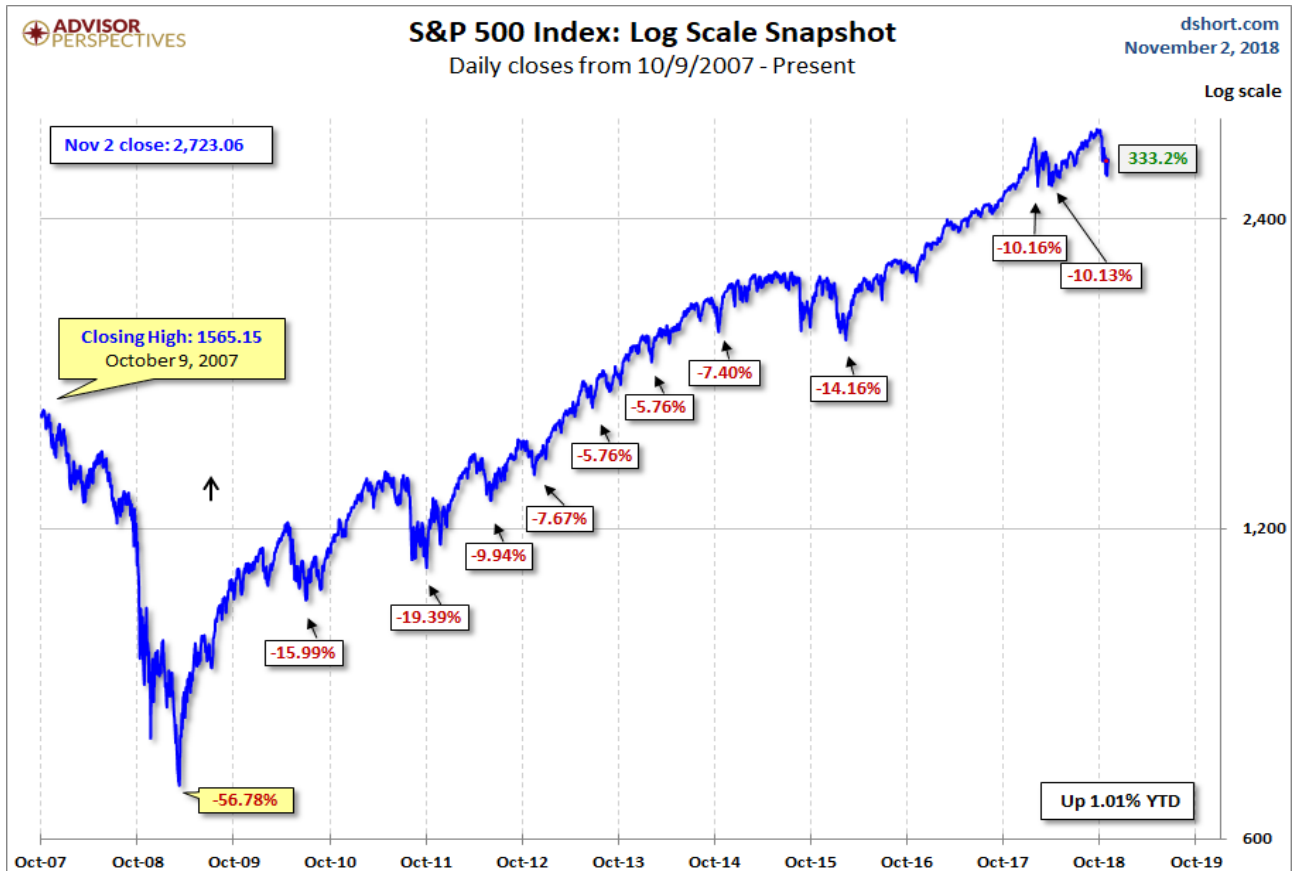
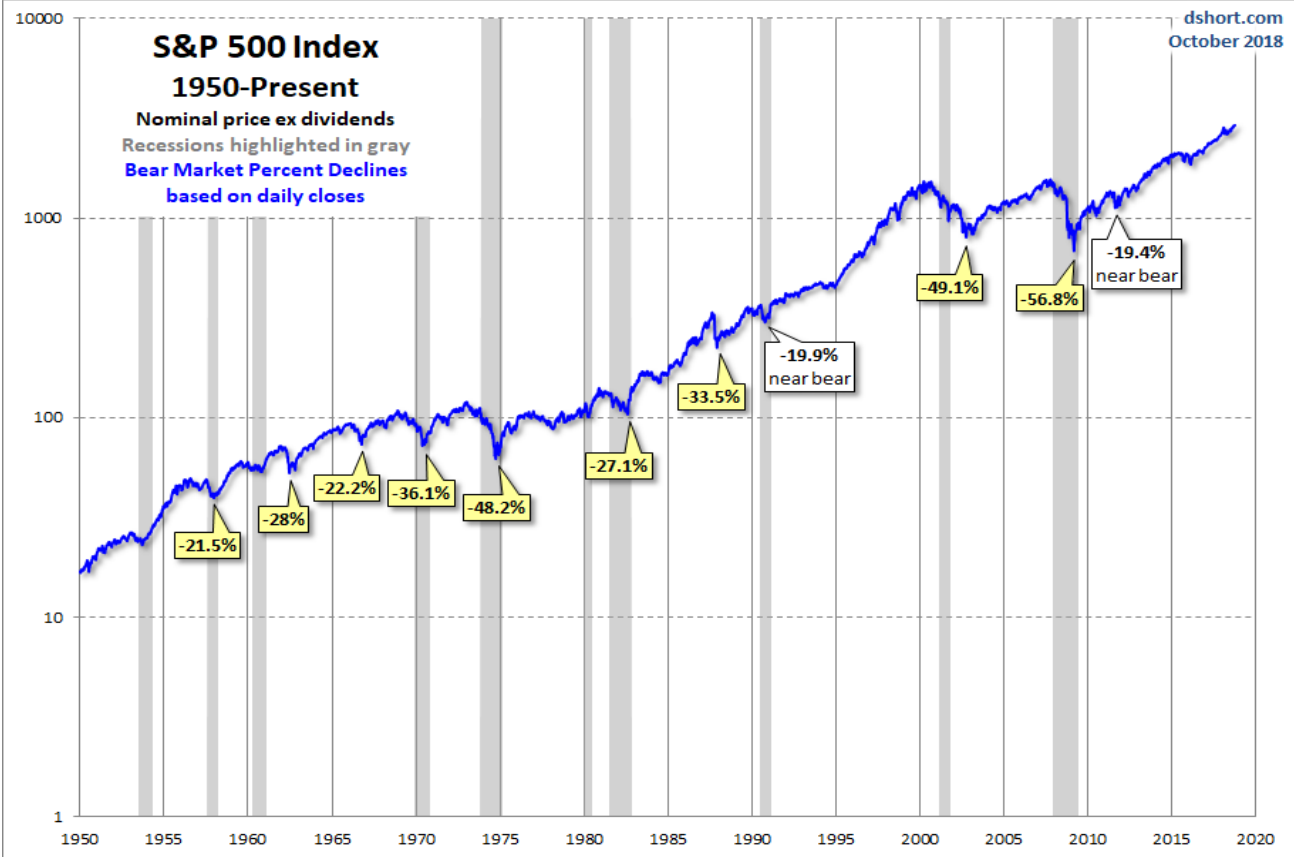
Market panics:

- 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.



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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. Specifically, the following assumptions have been made when calculating model portfolio returns: the portfolio is rebalanced monthly and any time a change to portfolio holdings is made; market close prices are used for all valuations; and returns are gross of all account fees and transaction costs. Insurance products are offered through RBC Wealth Management Financial Services Inc. ("RBC WMFS"), a subsidiary of RBC Dominion Securities Inc.\* RBC WMFS is licensed as a financial services firm in the province of Quebec. RBC Dominion Securities Inc., RBC WMFS and Royal Bank of Canada are separate corporate entities which are affiliated. \*Member-Canadian Investor Protection Fund. RBC Dominion Securities Inc. and RBC WMFS are member companies of RBC Wealth Management, a business segment of Royal Bank of Canada. ® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © 2018 RBC Dominion Securities Inc. All rights reserved.

