

MacKay Weekly Investment Report



WEEK ENDING FRIDAY, MARCH 22, 2019

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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.

Rates on Hold / 10-Yr Treasury Helps / Mid-Caps

Global equity markets steady this week – Fed keeps interest rates unchanged and plans to slow balance sheet reduction – is it as simple as that?

Positives: “Interest rates could be on hold indefinitely – US economy is in a good place and we will use our monetary policy tools to keep it there” Fed Chair Powell. CDN government releases new budget – hike up expenditures coming. Trump says negotiations with China are going very well as trade talks resume next week. US consumer sentiment ticked higher in March after a soft start to year. “S&P 500 is only 4% off from an all-time high and market is challenged here due to low earnings growth, but the 10-year treasury of 2.6% shows strength and provides a boost for markets with lower competition for stocks coming from bond yields. China trade deal that exceeds market expectations could help boost S&P 500 further upward “(Dr. J. Siegel). AAI Sentiment survey pessimism rebounded to a 6 week high – 37.3% bullish. Ned Davis strategist who called the last stock plunge says investors are foolishly ignoring a thriving corner of the market – mid-cap stock space. Buybacks aren’t a problem as companies have been investing – the price of technology has fallen dramatically while capabilities have surged – price of production is falling while profit margins have improved – productivity at corporate level is booming – that’s why corporations can return so much capital to shareholders – business investment up 13.7% of GDP in Q4 2018 (B. Wesbury). Global markets picking up – JPM & GS are getting more bullish on EM like India – best growth story amid expectations of a more stable government and earnings growth. Dr. E. Yardeni – barring an unexpected inflation surprise, we are fairly certain Fed will continue to be patient and not raise rates until at least end of year – S&P 500 2019 target 3,100.

Negatives: Fund managers this month cut their equity exposure to the lowest level since Sept 2016. Many investors have remained on the sidelines after sudden sell-off of 2018. Fidelity’s Wolf sees loonie testing \$0.62 amid slowing economy – household deleveraging appears to be starting just as global economy is slowing – home values easing and nation may already be in a recession after growing at an annualized pace of just 0.4% in Q4. Chinese companies defaulting on debt at record highs last year – expected to continue this year. With economic slowdown and extremely tight credit conditions prominent US hedge fund manager builds short position on Canada bank stocks. Policy makers want higher rates to have room to cut in the next recession – 2.50% doesn’t give them much leeway.

Investment Wisdom: “Show me the incentive and I’ll show you the outcome” – Charlie Munger

PORTFOLIO MANAGEMENT-Week’s Highlights

Stocks of the Day: ONEX, BIP, ATD’b, WPM, MI.un

New Issues: AI, NPI

Have a great weekend. Bruce

Exchange	21-Mar-19	YoY	MoM
S&P/TSX	16,244.59	5.5%	1.9%
DJIA	25,962.51	8.4%	0.3%
S&P 500	2,854.88	8.0%	2.7%
Nasdaq	7,838.96	9.4%	4.7%
FTSE 100 Index (UK)	7,355.31	5.8%	2.5%
DAX Index (Germany)	11,549.96	-4.5%	2.1%
Hang Seng Index (HK)	29,071.56	-6.4%	3.0%
Nikkei 225 (Japan)	21,608.92	0.1%	1.4%
Shanghai 180 (China)	8,467.81	-1.9%	10.6%

MacKay Weekly Investment Report Contents:

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

Investing in the Unknown and Unknowable – Richard Zeckhauser

From David Ricardo making a fortune buying British government bonds on the eve of the Battle of Waterloo to Warren Buffett selling insurance to the California earthquake authority, the wisest investors have earned extraordinary returns by investing in the unknown and the unknowable (UU). But they have done so on a reasoned, sensible basis. This essay explains some of the central principles that such investors employ. It starts by discussing “ignorance,” a widespread situation in the real world of investing, where even the possible states of the world are not known. Traditional finance theory does not apply in UU situations.

Strategic thinking, deducing what other investors might know or not, and assessing whether they might be deterred from investing, for example due to fiduciary requirements, frequently point the way to profitability. Most big investment payouts come when money is combined with complementary skills, such as knowing how to develop real estate or new technologies. Those who lack these skills can look for “sidecar” investments that allow them to put their money alongside that of people they know to be both capable and honest. The reader is asked to consider a number of such investments.

Central concepts in decision analysis, game theory, and behavioral decision are deployed alongside real investment decisions to unearth successful investment strategies. These strategies are distilled into eight investment maxims. Learning to invest more wisely in a UU world may be the most promising way to significantly bolster your prosperity.

<https://sites.hks.harvard.edu/fs/rzeckhau/InvestinginUnknownandUnknowable.pdf>

Where to Go After Product-Market Fit: An Interview with Marc Andreessen – a16z – Andreessen & Gil

It's a thrilling thing to build a new product, then watch as consumers actually pick it up. But achieving product/market fit also marks the beginning of a challenging time for a lot of founders. You've poured your energy into getting here – now what?

Few people have as much insight into this make-or-break moment as Marc Andreessen. As a repeat founder himself and one of Silicon Valley's most influential investors, he's seen firsthand that the decisions startups make at this juncture are some of the most consequential they will ever make. I spoke with Marc to get his top recommendations for how startup leaders can turn early success into lasting relevance. ...

<https://a16z.com/2018/07/20/after-product-market-fit-marc-andreessen-elad-gil/>

Why Do Markets Go Up? – Factor Investor – Ehren Stanhope

Stock markets are the greatest compounders of wealth the world has ever seen. The key objective of any investor is to get more than \$1 back for every \$1 invested. Sadly, most introductory investment courses and literature do not begin with an explanation as to why markets go up. It's such a fundamental question, but it is often overlooked. With greater understanding as to why, it may well prove easier to stay invested when “Mr. Market” goes on a binge and lops 20% off the value of your portfolio.

Think of the U.S. stock market as one holding company named USA, Inc.[1] that holds a portfolio of businesses. If you were the CEO of this holding company, you would have two jobs. First, ensure profits are generated by the underlying businesses. Second, reinvest those profits in the best interests of the company's owners. To do so, you would seek investments that grow USA, Inc.'s future earnings – like starting, expanding, acquiring, and/or selling businesses. If opportunities for those activities weren't enticing, you might offer a dividend or repurchase shares outstanding (an implicit bet on the portfolio companies of USA, Inc. itself).

USA, Inc. has done a remarkable job of all this over time, but not in the ways you might expect. First, the reallocation of capital via dividends is more important to return than the underlying earnings generated themselves. Second, demographic and long-term economic forces drive earnings persistently higher.

Let me explain. ...

<https://www.factorinvestor.com/blog/why-do-markets-go-up>

The Best Simple Business Models – Collaborative Fund – Morgan Housel

Most CEOs are very smart. Which can be a problem. Smart often crowds out simple, because there's a tendency to always reach for your strongest weapon.

Simplification is the most underrated trait in business. It draws your attention to basic questions like "Do people need this product?" in a way complex thinking can overlook.

No matter how complex your product is, a few simple business models tend to move the needle most.

Make intimidating things painless. ...

Make boring things exciting. ...

Make complicated things simple. ...

Make middlemen irrelevant. ...

Make things disappear. ...

<https://medium.com/@jamietherwood/drunken-valuations-and-frothy-markets-5f7eb8574a7d>

Dice Roll: The Phantom Gambler – The Paris Review – Michael LaPointe

Casinos like to control just how quickly gamblers can ruin themselves. The conventional wisdom is that a slow drain is superior to the sudden flush. The house wants you to lose just enough that you'll come back and lose again tomorrow. Casinos therefore limit the amount you're able to bet on a single game – usually no more than \$10,000. The table limit protects the house's interest – if the gambler happens to win, it isn't always easy to come up with that much cash – while restraining those recklessly seeking the ecstasy of Zarathustra, like moths to the flame. ...

<https://www.theparisreview.org/blog/2019/03/05/dice-roll-the-phantom-gambler/>

'Superstars': The Dynamics of Firms, Sectors, and Cities Leading the Global Economy - Mckinsey.com – Zubin Nagpal

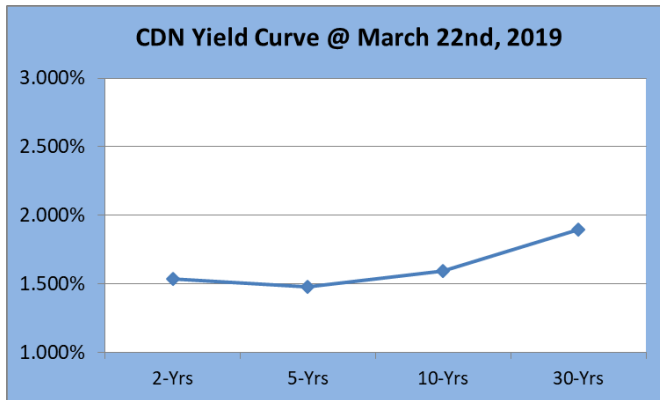
There is much discussion about "superstar" firms and "superstar effects" in reaction to the rapid growth of very large global companies. This has been accompanied by a growing body of research examining various aspects and drivers of superstar effects in the economy. Yet questions remain, and much of the evidence is still inconclusive as well as incomplete. Our research aims to fill some of the empirical and data gaps, take a global perspective, and examine the issue beyond just firms. ...

<https://www.mckinsey.com/featured-insights/innovation-and-growth/superstars-the-dynamics-of-firms-sectors-and-cities-leading-the-global-economy>

CANADIAN MARKETS

I. Canadian Fixed Income

Benchmark Canada Government Bonds



MG Canadian Fixed Income Top Holdings

- Government & Corporate Bonds
- Convertible Debentures
- High Yield Open End & Closed End Funds
- Rate Reset/Fixed Floater Preferreds
- Perpetual Preferreds

II. MG Top Holdings, RBC DS Spring CDN 2019

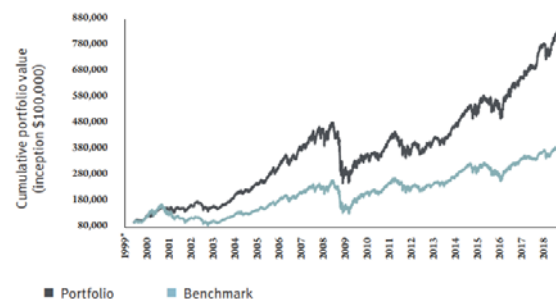
Equity Focus List, and Veritas V-List

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, Couche-Tard, CP Rail, CN Rail, Toromont, Waste Connections, Finning Constellation Software, Canadian Natural Resources, Suncor, Pembina, TransCanada, Nutrien,
Veritas V-List: Allied Properties, CDN Natural Resources, CP Rail, Capital Power Corp, CGI Group, Cogeco Cable, Enbridge, Enerplus, George Weston, Granite REIT, Hydro One Ltd, Kinder Morgan Canada, Manulife Financial Corp, Metro, Quebecor, 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 March 21st, 2019

Minto Apartment REIT (MI.un)

Realizing Organic and External Growth Envisioned at the Time of the IPO

Ranking: **Outperform (RBC CM)**

Price: \$19.84 CAD - Target: \$21.50 CAD

Alimentation Couche-Tard (ATD'b)

K-Ranking it Up: On the Road to Achieving Objectives

Ranking: **Outperform (RBC CM)**

Price: \$71.60 CAD - Target: \$85.00 CAD

Power Financial Corp (PWF)

Q4/18 Results Highlighted by a 5% Dividend Increase

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

Price: \$31.47 CAD - Target: \$36.00 CAD

Stella-Jones Inc (SJ)

Management Bullish on 2019 - and M&A Environment Heating UP

Ranking: **Outperform (RBC CM)**

Price: \$42.31 CAD - Target: \$50.00 CAD

Spin Master Corp (TOY)

Key Takeaways from Investor Meetings

Ranking: **Outperform (RBC CM)**

Price: \$38.90 CAD - Target: \$56.00 CAD

Stock of the Day Picks this Week:

- Prepared by Ryan

- Onex Corp (ONEX)
- Brookfield Infrastructure Partners (BIP.un)
- Alimentation Couche-Tard (ATD'b)
- Wheaton Precious Metals (WPM)
- Minto Apartment REIT (MI.un)

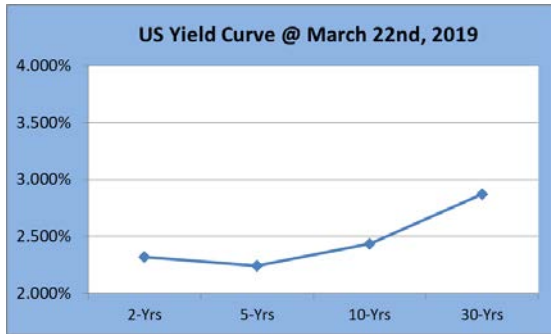
Research Publications (available upon request)

- RBC Strategy CDN Focus List: Winter '19
- RBC CM FEW Portfolio - Winter 2019
- RBC CDN Sm Cap Conviction List - Winter'19

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 8.9%**

II. MG Favs, RBC DS Winter 2018 US Equity List

RBC DS Spring '19 Global Equity Focus List

MG Favs: Berkshire Hathaway, Bank of America, Visa, Home Depot, and Apple.

RBC DS US Equity Focus List: Berkshire Hathaway, JP Morgan Chase, US Bancorp, Alphabet, Facebook, Netflix, Disney, CVS, Johnson & Johnson, Thermo Fisher, UnitedHealth, Danaher, Costco, 3M Co, Honeywell, Raytheon, Apple, Cisco, MasterCard, Microsoft, DowDuPont, EOG Resources.

RBC DS Global Equity Focus List: Alphabet, Telus, Amazon.com, Restaurant Brands, Alimentation Couche-Tard, Costco, Canadian Natural Resources, Pembina Pipeline, Suncor, TransCanada, Berkshire Hathaway, Brookfield Asset Management, Intact Financial, JP Morgan, Royal Bank, TD Bank, US Bancorp, Danaher, J&J, Thermo Fisher, United Health, 3M Co, CP Rail, Raytheon, Toromont, Waste Connections, Mastercard, Microsoft, SAP, DowDuPont.

RBC DS ADR Focus List: China Unicorn, Vodafone, WPP Plc, Honda, Anheuser-Busch, Diageo, Unilever, China Petroleum..., Eni S.p.A., Royal Dutch Shell, AerCap Holdings, Barclays, HSBC, ING, Prudential PLC, Westpac Banking, AstraZeneca, Fresenius, Sanofi, ABB Ltd, Accenture, Alibaba Group, NICE Ltd, SAP SE, BHP Group

III. News We Recommend on our Intl Holdings

Market prices as of market close on March 21st, 2019

Costco Wholesale Corp (COST)

Highlights from Issaquah: Management Confidence Remains High

Ranking: Outperform (RBC CM)

Price: \$239.54 USD - **Target:** \$250.00 USD

Nike Inc (NKE)

3Q EPS Print & Conference Call Quick Takes; Pullback = Opportunity

Ranking: Overweight (JPM)

Price: \$88.01 USD - **Target:** \$90.00 USD

Boeing Co (BA)

Boeing and 737 MAX Update

Ranking: Overweight (JPM)

Price: \$372.70 USD - **Target:** \$450.00 USD

Apple Inc (AAPL)

Video Launch Expectations: Focussing on Aggregation as a Differentiator and Enabler of Accelerated Ramp

Ranking: Overweight (JPM)

Price: \$195.09 USD - **Target:** \$228.00 USD

The Procter & Gamble Co (PG)

CEO Meeting Highlights: Momentum Likely Continues

Ranking: Overweight (JPM)

Price: \$102.49 USD - **Target:** \$107.00 USD

Netflix (NFLX)

Updating the Long Thesis: Kicking Kaizen in Japan

Ranking: Outperform (RBC CM)

Price: \$377.87 USD - **Target:** \$480.00 USD

Visa Inc (V)

Key Points from Management Meetings

Ranking: Outperform (RBC CM)

Price: \$155.80 USD - **Target:** \$170.00 USD

Research Publications (available upon request)

- RBC GAM - Global Investment Outlook
- RBC CM - Top 30 Global Ideas for 2019

MUTUAL FUNDS Closed/Open- Top Holdings

Canadian Fixed Income

Canso Credit Income
Dynamic Strategic Yield
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
Trimark - CDN

US Fixed income

Franklin High Yield
Fidelity American High Yield

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

Rate support. Interest rates around the world are generally falling again with the U.S. rates among the highest available, but these too are trending lower over the near term. The recent Fed indications have caused the 10-year Treasury note yield to slip below the support level of 2.6% that had been holding this year, and now the charts indicate that the next area of support is around 2.4%, but may end up being even lower. Although there are many opinions about what the Fed should do and what it all may mean for the future, the fact that the economy continues to grow at a slow and relatively controlled rate is an indication that Fed policy has been good during this long period of expansion. We suspect that the 10-year yield will find a new range that looks to be 2.4% to 2.8% which could last for many months and boost some parts of the economy that had been slowing when the yield was up around 3%.



Chart courtesy StockCharts.com and RBC Wealth Management

 American Association of Individual Investors			
Reported Date	Bullish	Neutral	Bearish
March 21:	37.30%	39.29%	23.41%
March 14:	32.42%	36.52%	31.06%
March 8:	37.39%	35.87%	26.75%
March 1:	41.63%	38.37%	20.00%
February 22:	39.32%	35.29%	25.39%
February 14:	35.10%	39.82%	25.07%
February 7:	39.87%	37.34%	22.78%
January 31:	31.76%	36.49%	31.76%
January 24:	37.66%	30.03%	32.32%
January 17:	33.53%	30.21%	36.25%



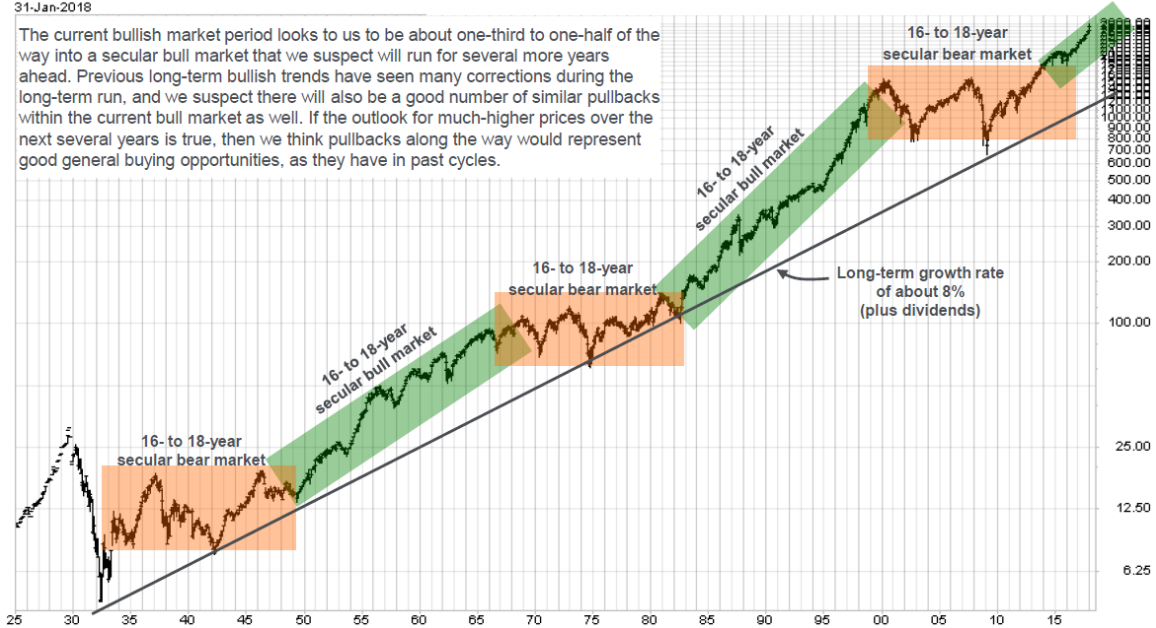
FAVOURITE CHARTS

Long-term market cycles 1925–2018

\$SPX S&P 500 Large Cap Index: INDXX
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.

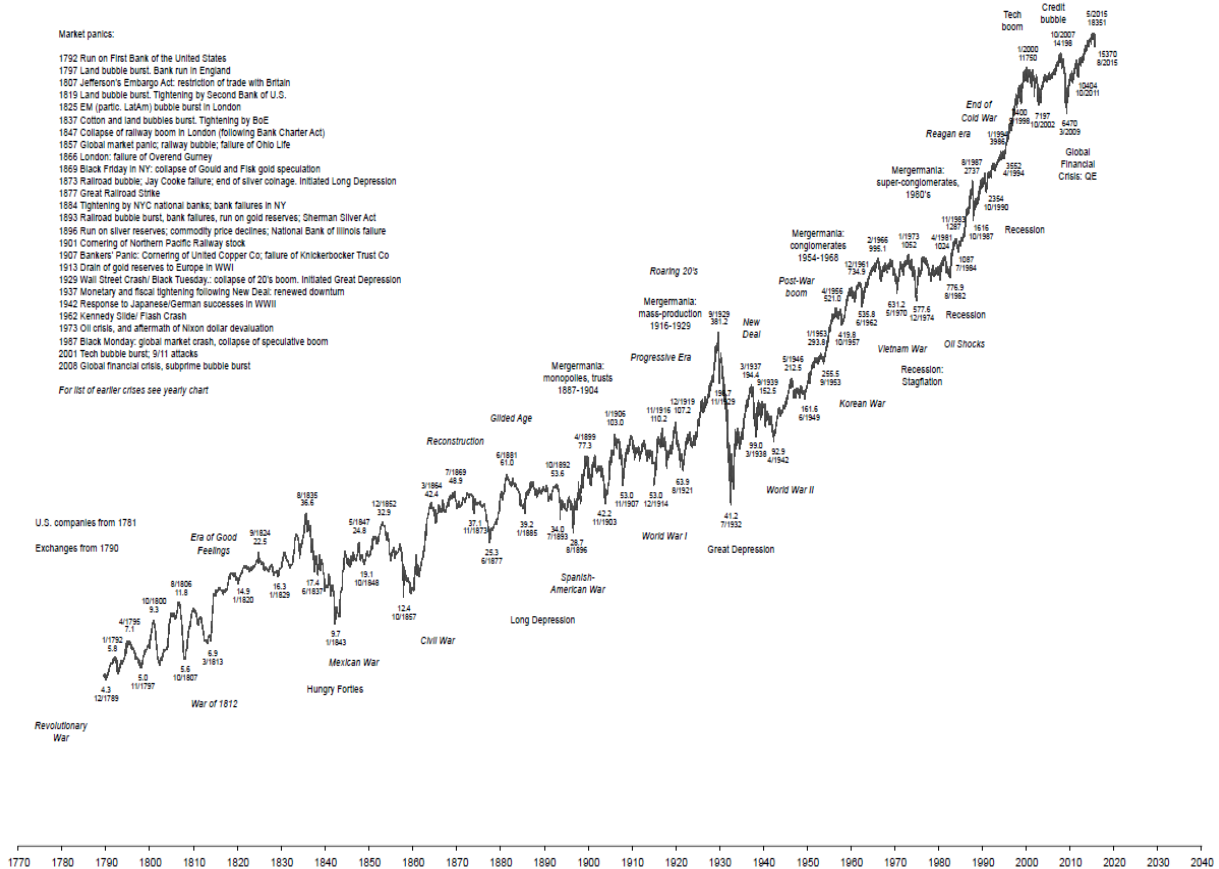


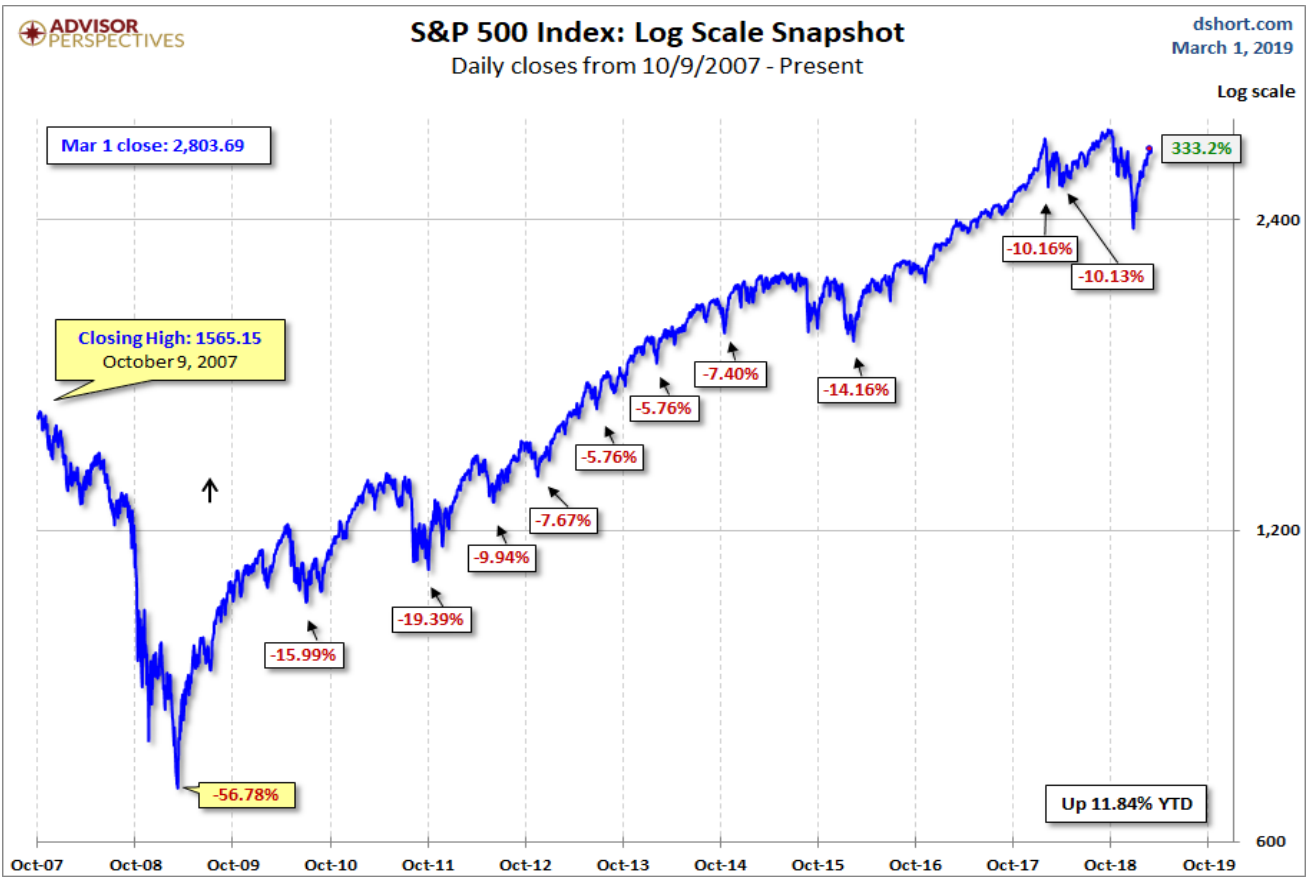
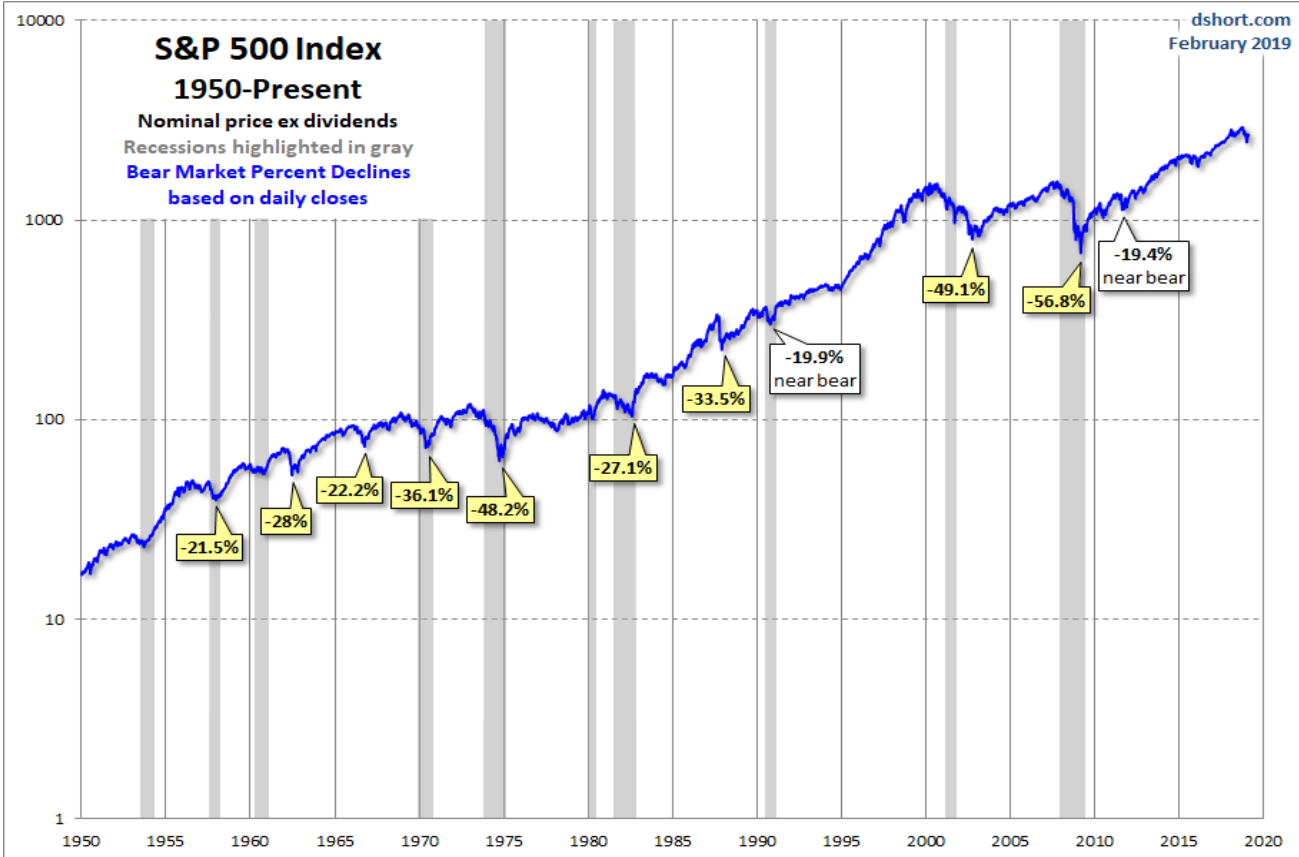
Dow Jones Industrial Average - 1789 to Date

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 Acct, 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

Carol Delgado – 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. 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?

Our Mission

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

Bruce MacKay, BA, HBCComm, CIM

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Ted Chan, Financial Planner

Ariel-Charles Guigui, Will and Estate Consultant

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Andrew Sipes, Estate Planning Specialist

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MacKay Group & RBC Foundation

We have contributed \$500,000+ over the years. Charities we support in 2018 - Jewish National Fund, Canadian Wildlife Federation, Canadian Civil Liberties, Toronto Public Library Foundation, ABC Life Literacy, Canadian Canoe Museum, Erin Oak Kids, Trillium Hospital Foundation, CAMMAC, 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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