

12-Fascinating Months Buckle Up!

November 2019

RBC Dominion Securities, Inc.
Matt Barasch, CFA
Vice President & Portfolio Manager
www.baraschwealth.com

This report is priced as of market close November 1, 2019
All values in Canadian dollars unless otherwise noted.

For Required Non-U.S. Analyst and Conflicts Disclosures, please see page 50



Wealth Management
Dominion Securities

NEWS IN BRIEF

Market Rallies After Fed Chief Shows Off Huge Wad Of Cash

6/05/19 8:00am • SEE MORE: STOCK MARKET ▾



- The U.S. Economy – Slow, but is it recessionary?
- Trade – Does China want a deal?
- Canada – BoC likely to start easing soon
- Stocks and bonds – TINA meets ZIRP
- U.S. Election – Buckle up!
- Brexit – A simple matrix
- Some Facts About Investing

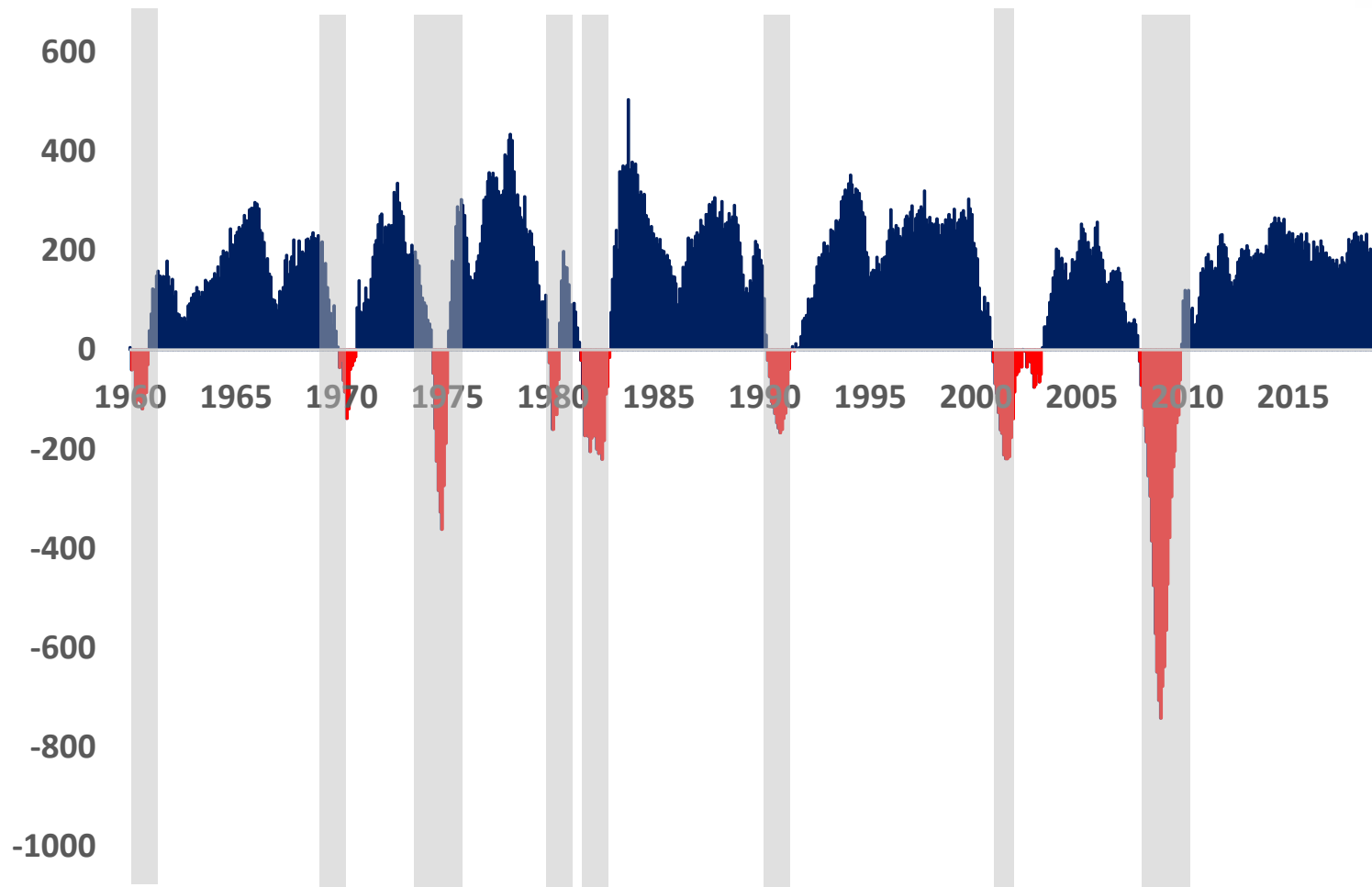
■ The U.S. Economy

Job creation typically goes negative ~6-months before onset of recession



Non-Farm Payrolls

Monthly Non-Farm Payrolls in 000's



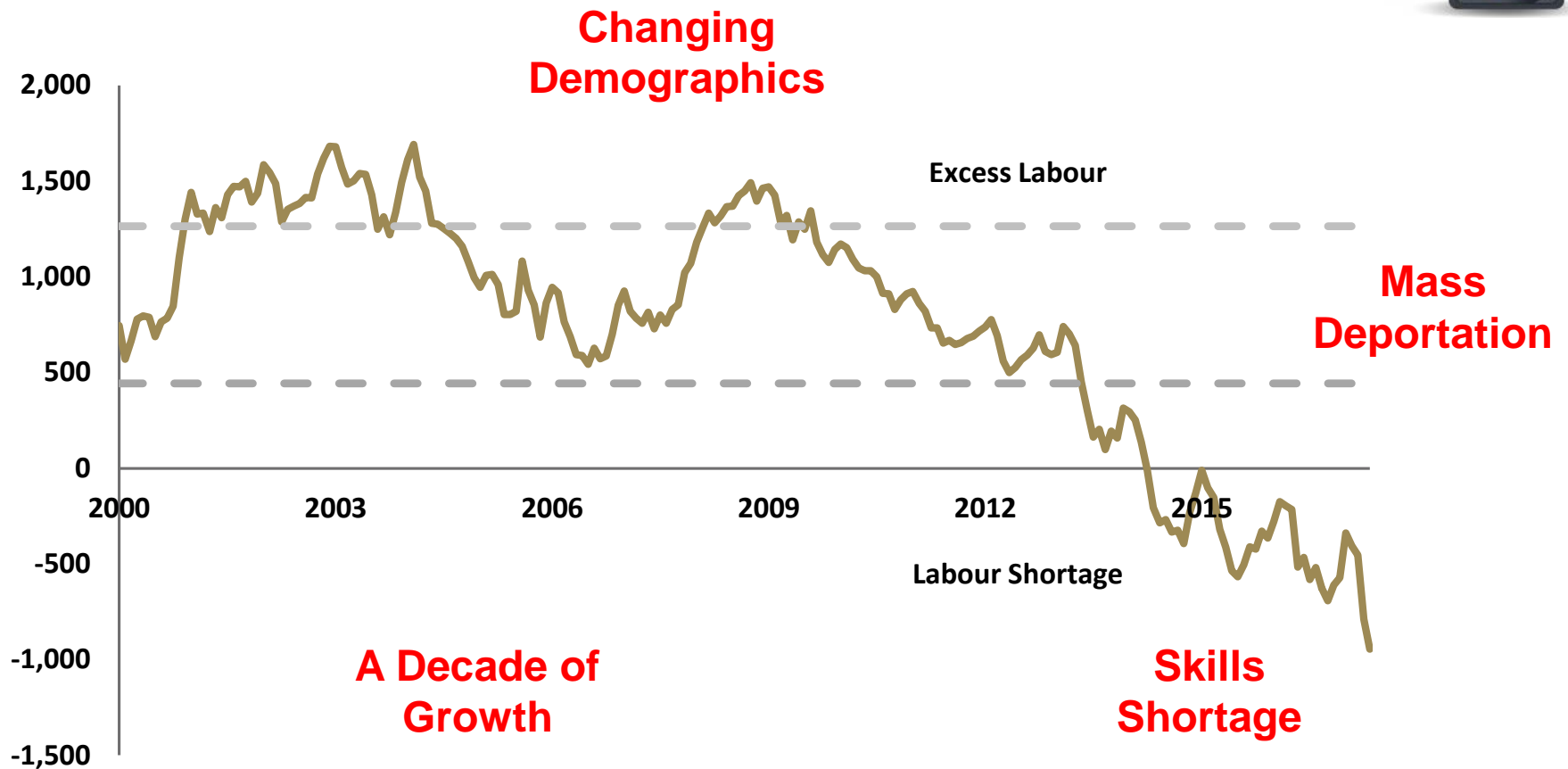
Source: Haver Analytics; RBC CM Canadian Equity Strategy

Job market has slowed a bit, but still fairly robust



Got to have a J-O-B if you wanna be with me

JOLTS Survey: Job openings less hires (in thousands)



Source: Haver Analytics; RBC CM Canadian Equity Strategy; Gwen Guthrie

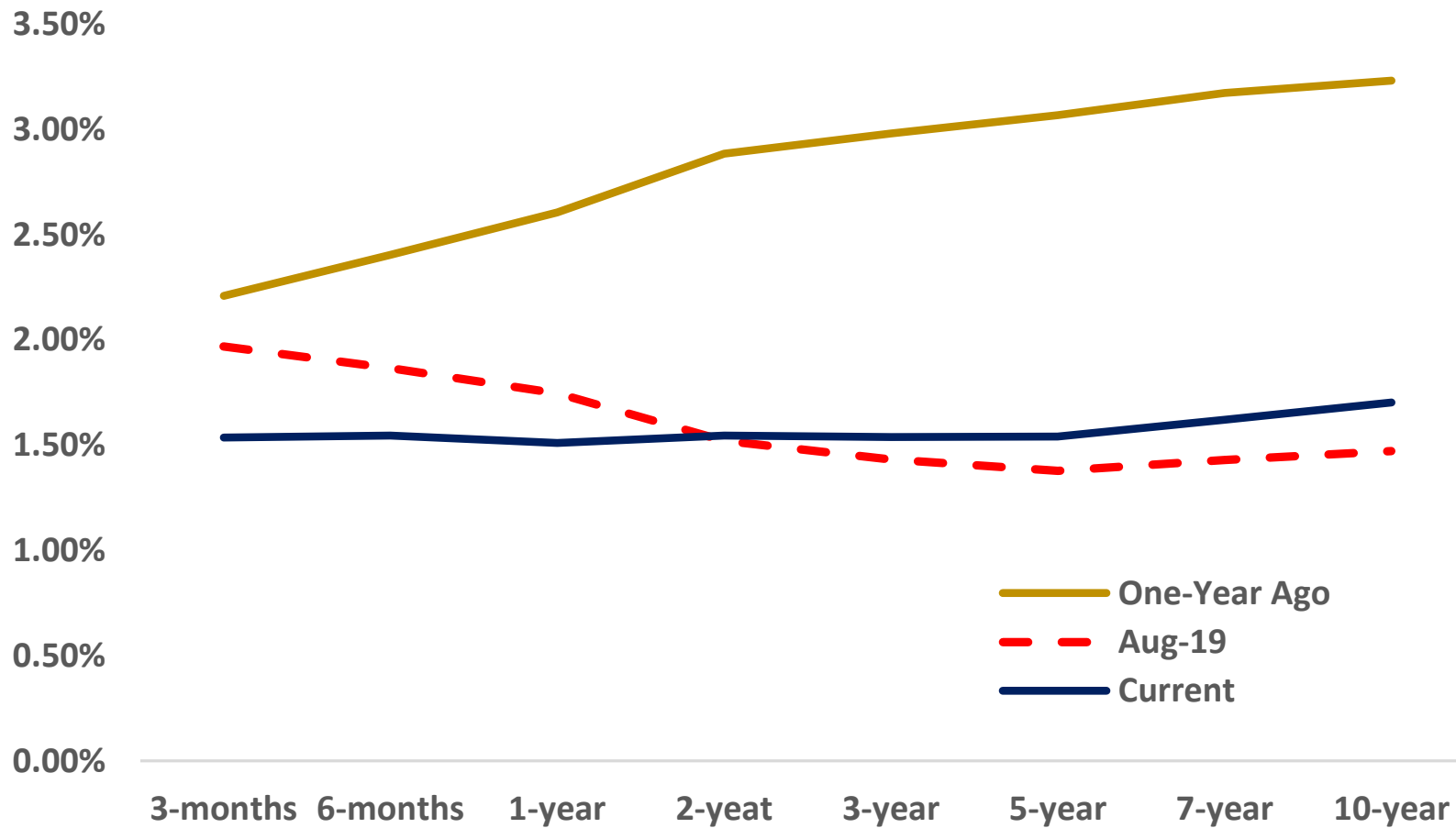
Job market has slowed in part because of lack of available labour

The yield curve was recently inverted



Shape of the yield curve

US 2/10 Spread (in bps)



Source: FRED

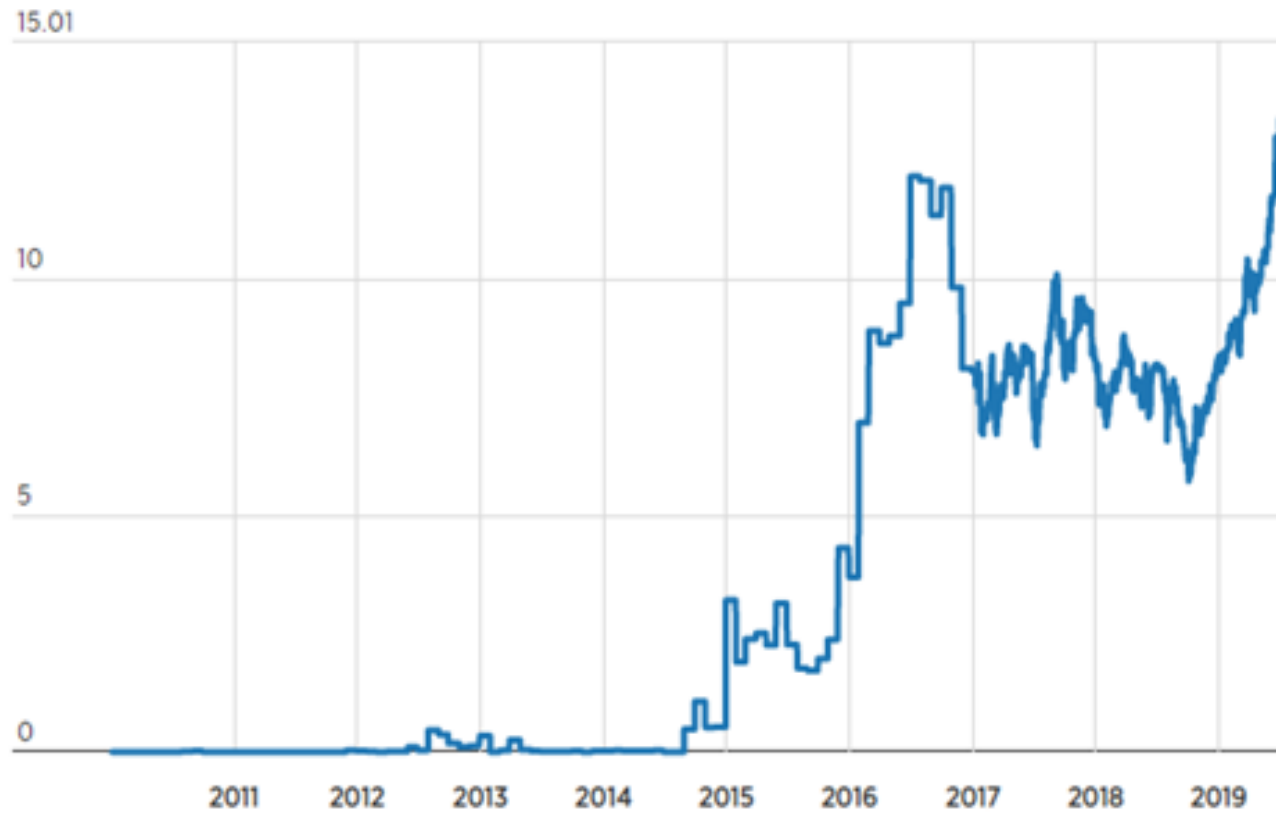
If history is any guide – recession will begin between 8/20 and 8/21

The cause of the inversion may be different this time



Total negative debt in world

\$ trillion



Source: Deutsche Bank



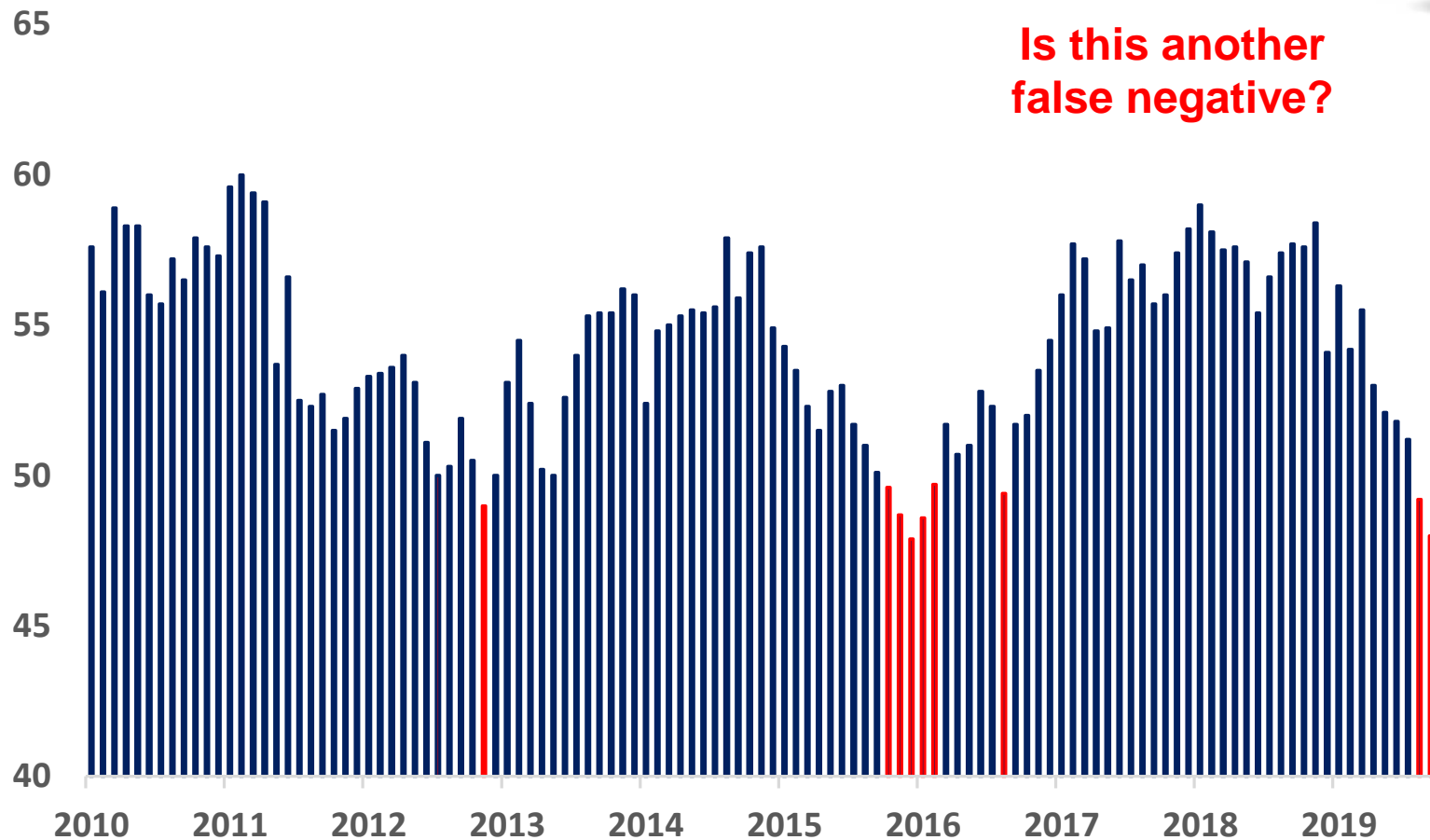
Global bond yields could be pulling down North American yields

Manufacturing typically leads recession by ~9-12 months



State of manufacturing

ISM Manufacturing index



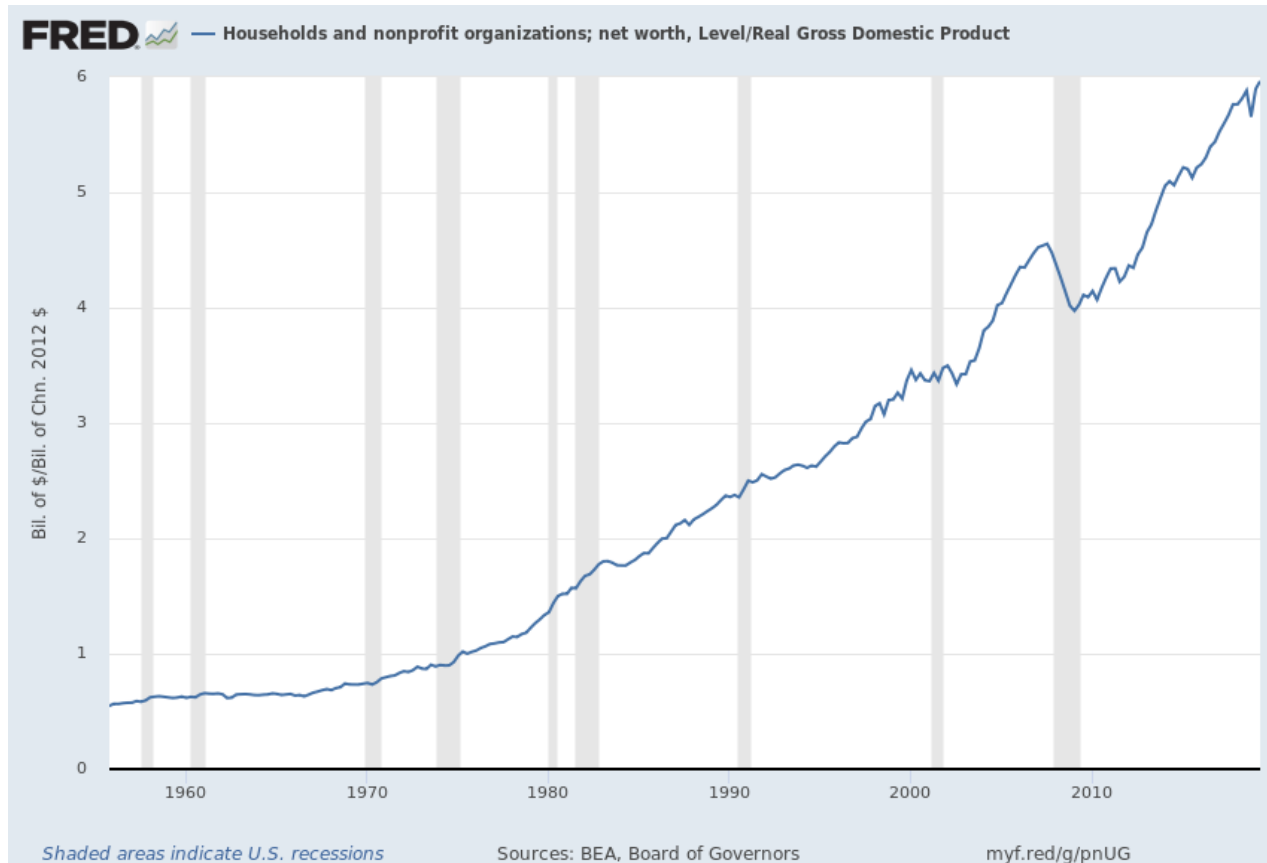
Source: Haver Analytics; RBC CM Canadian Equity Strategy

ISM now below 50 – a worrisome sign that bears watching



Household Net Worth

Ratio of U.S. Household Net Worth to Real GDP



- U.S. Household Net Wealth now at \$113 trillion
- Up nearly \$55 trillion over past decade
- Makes some of the concerns about U.S. debt levels kind of silly

Source: FRED

U.S. Household Net Worth is 5x Federal Debt



- China/US trade
- China growth slowdown
- Brexit
- European growth has slowed
- Impeachment
- Contentious U.S. Election
- No more Game of Thrones

Overall risks have risen, but recession still far from the base case



US Recession Table

Period	Yield Curve	ISM	Jobs	Capacity Utilization	Confidence	Monetary Policy	Global Risks	Recession?
1960	X	X	X	X	X	X	~	YES
1968	X	X	+	X	X	X	X	YES
1973/74	X	X	X	X	X	X	X	YES
1980/81	X	X	X	X	~	X	X	YES
1987	+	+	+	+	X	X	+	NO
1990/91	X	X	X	X	X	X	X	YES
1994	~	+	+	+	~	X	+	NO
1998	+	+	+	+	~	~	X	NO
2000/01	X	+	X	X	X	X	X	YES
2008/09	X	X	X	X	X	X	+	YES
2012	+	~	+	+	~	+	X	NO
2016	+	~	+	+	~	+	~	NO
Current	~	~	+	+	~	+	X	?

Strong job market + **Dovish Fed** + **Strong HH BS** - **Tightening Capacity** - **Global Risks** = **1.5% to 2.5% growth**

Source: Baraschwealth.ca; RBC CM Canadian Equity Strategy

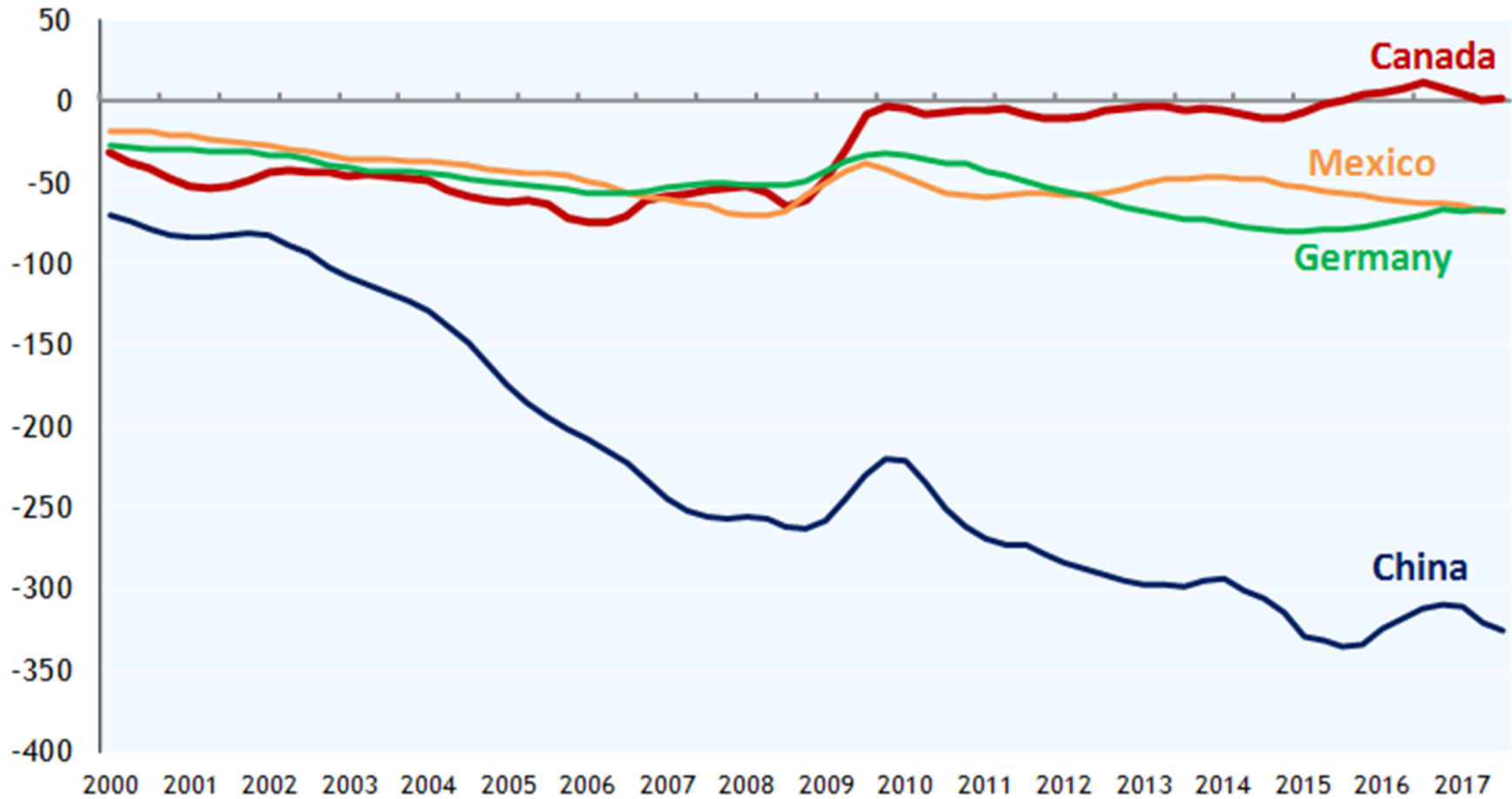
The question – will Trump + global slowdown + U.S. election = Recession?

■ Trade

Why are the U.S. and China at war (trade)?

US trade balance: goods and services

Billions US\$, 4Q rolling sum

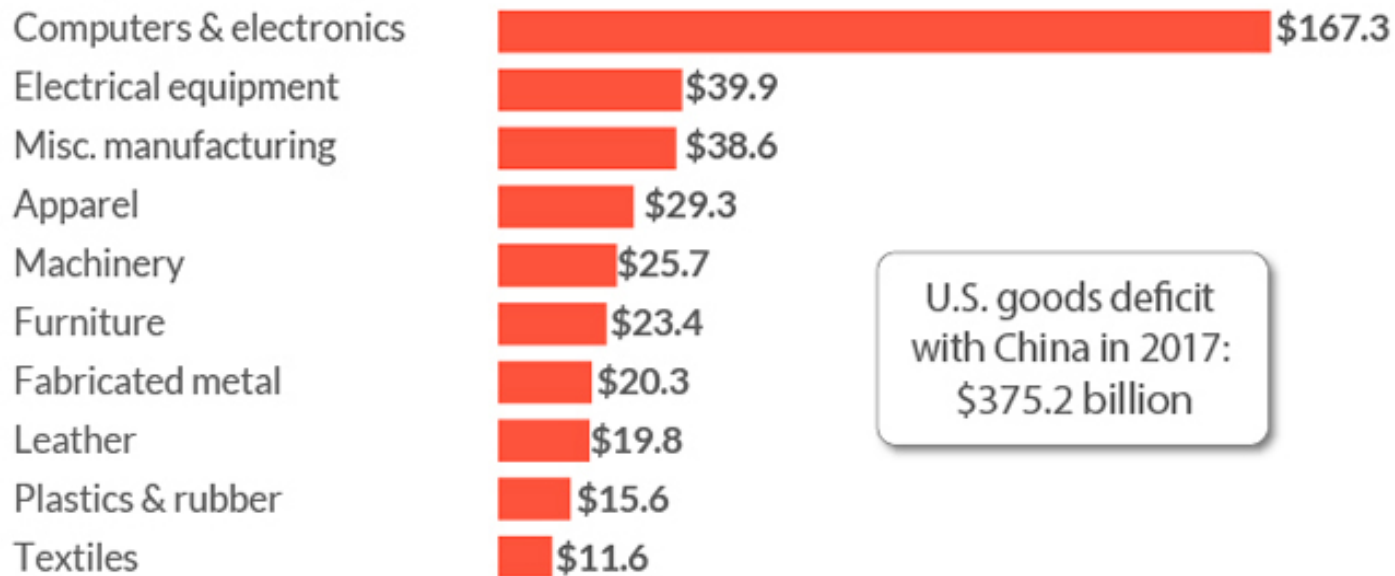


Source: Census Bureau, RBC Economics Research

Nearly \$1 of every \$10 of global trade is represented by U.S. trade deficit with China

Is it about trade deficit or other factors?

China runs up huge surpluses in tech, manufacturing
U.S. deficits with China, in billions



U.S. goods deficit
with China in 2017:
\$375.2 billion

U.S. surpluses with China, in billions



Source: U.S. Census

Why China matters

HUGE ECONOMY

28-33% of global growth = driver of global expansion

16-19% of world GDP (and rising)

#1 or #2 economy in world, depending on metric

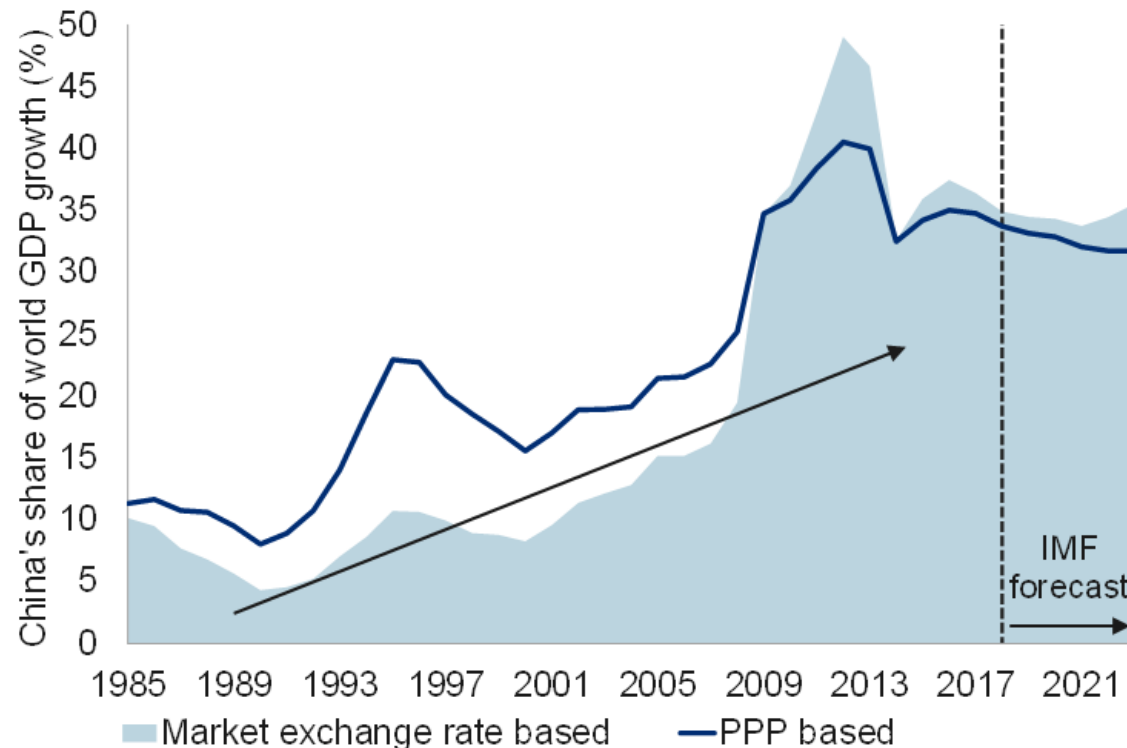
COMMODITIES

Buys half of world's base metals

TRADE

12% of global trade

China makes up one-third of global growth



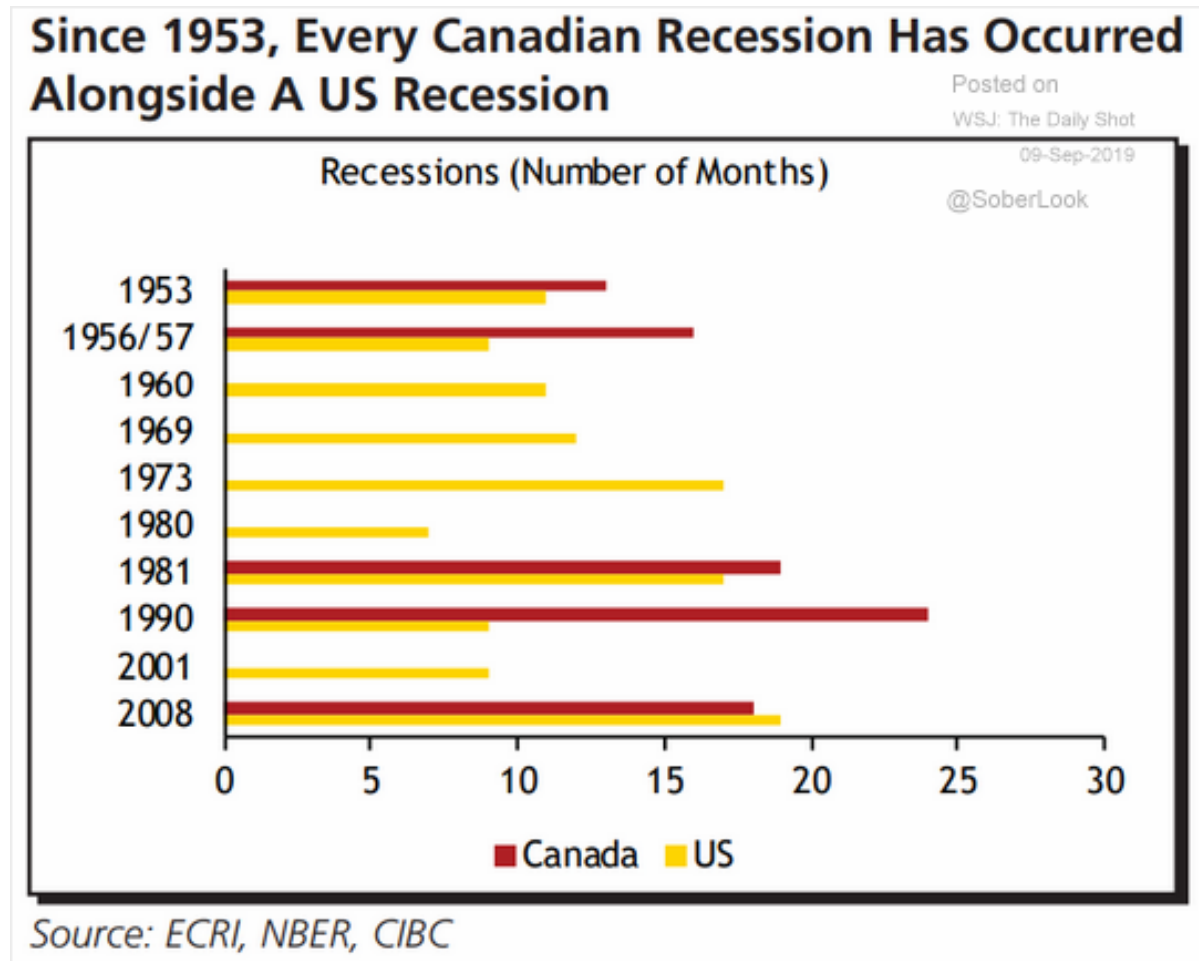
Note: 5-year average real GDP growth and 5-year average weights used in calculations.
Source: IMF, Haver Analytics, RBC GAM

Global growth slowdown has not surprisingly coincided with China slowdown

■ Oh Canada



Canada and the U.S. follow the same drum beat

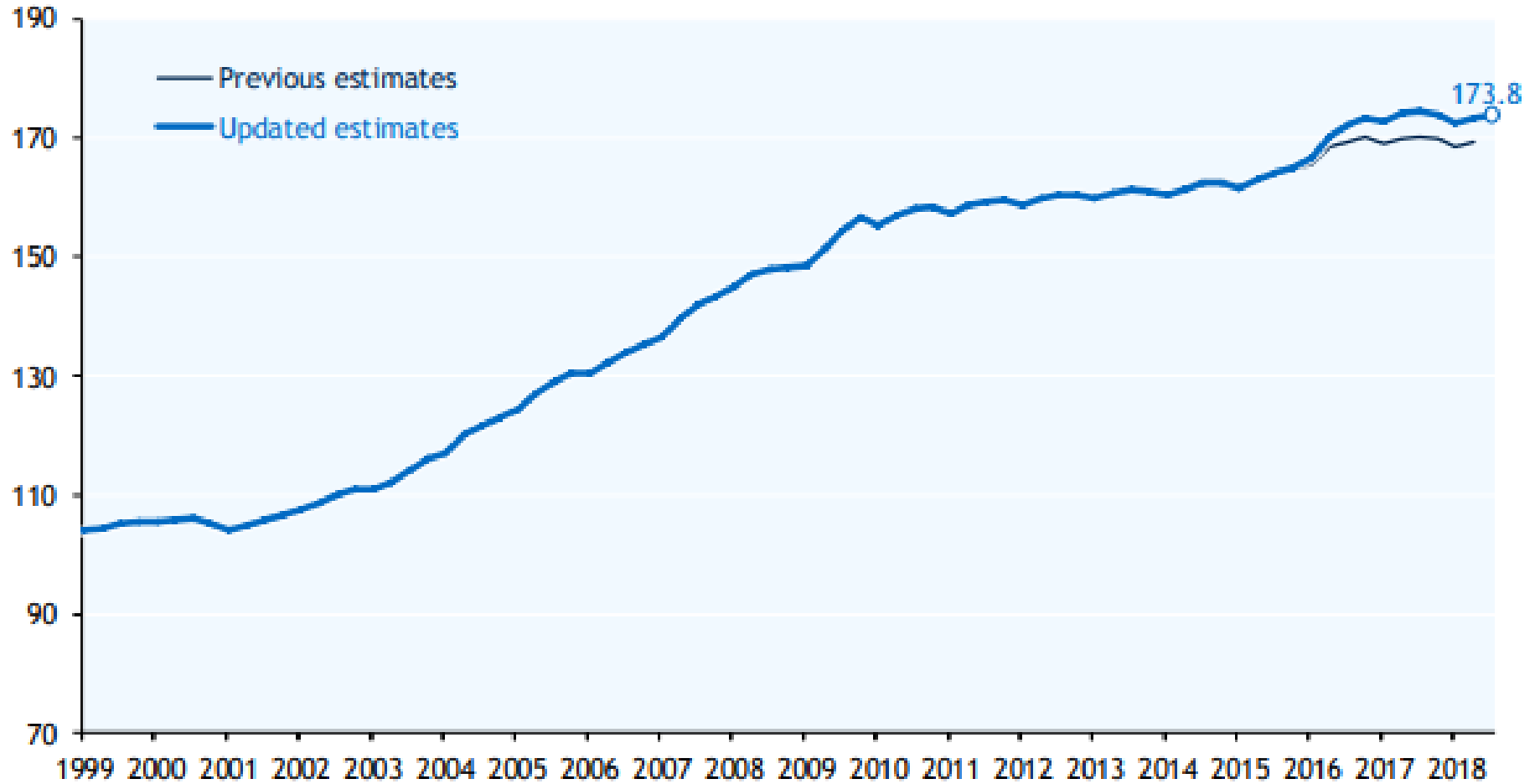


Source: CIBC, NBER

U.S. recessions have tended to be a necessary, but not sufficient condition for Canadian recessions

Canadian Household Leverage Remains Elevated...

Household Leverage (% of Disposable Income)

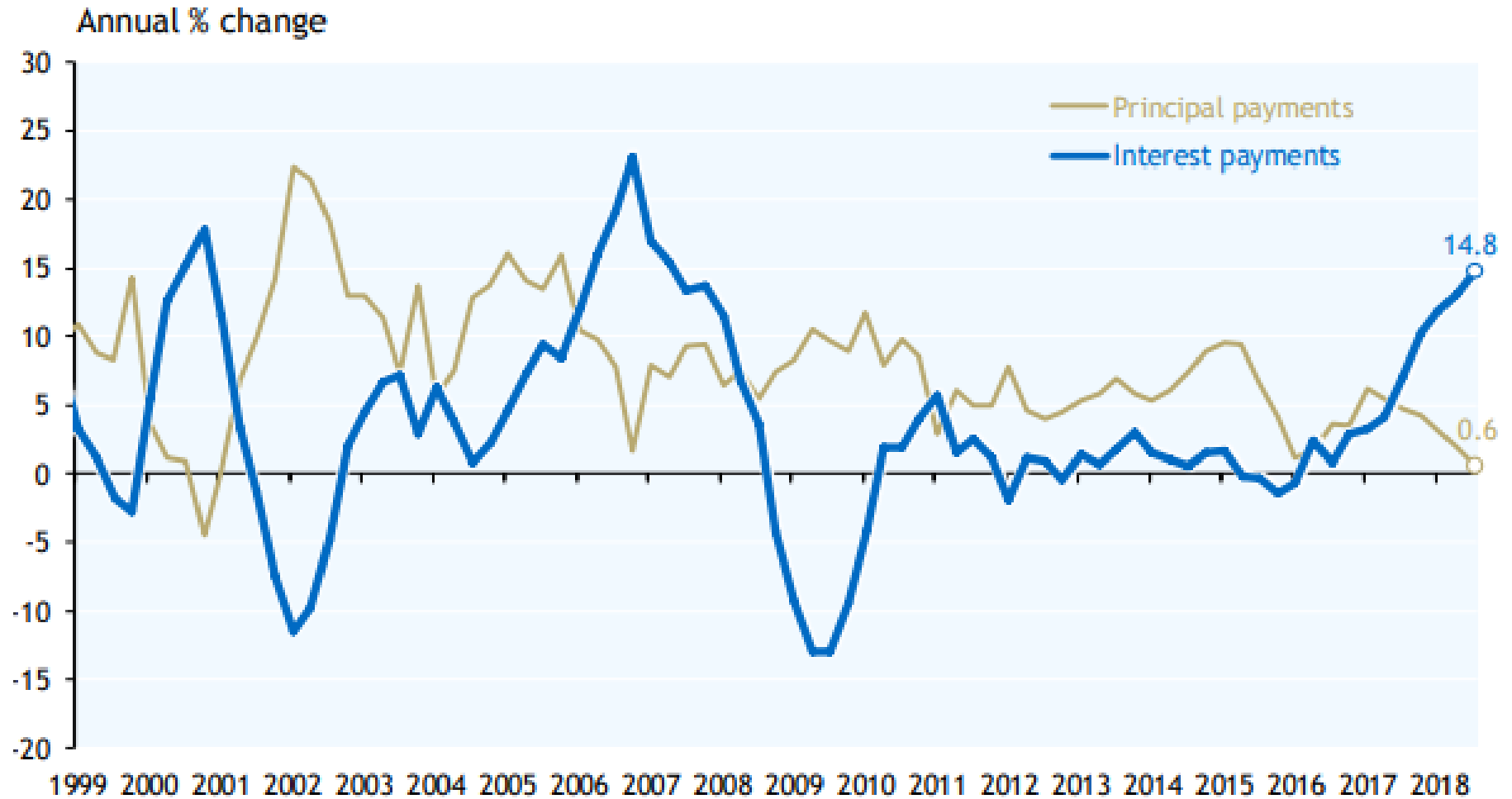


Source: Statistics Canada, RBC Economics

Is there a limit to how much debt Canadians can take on?

And the debt is becoming pricier to carry

Canadian Household Debt Service Payments

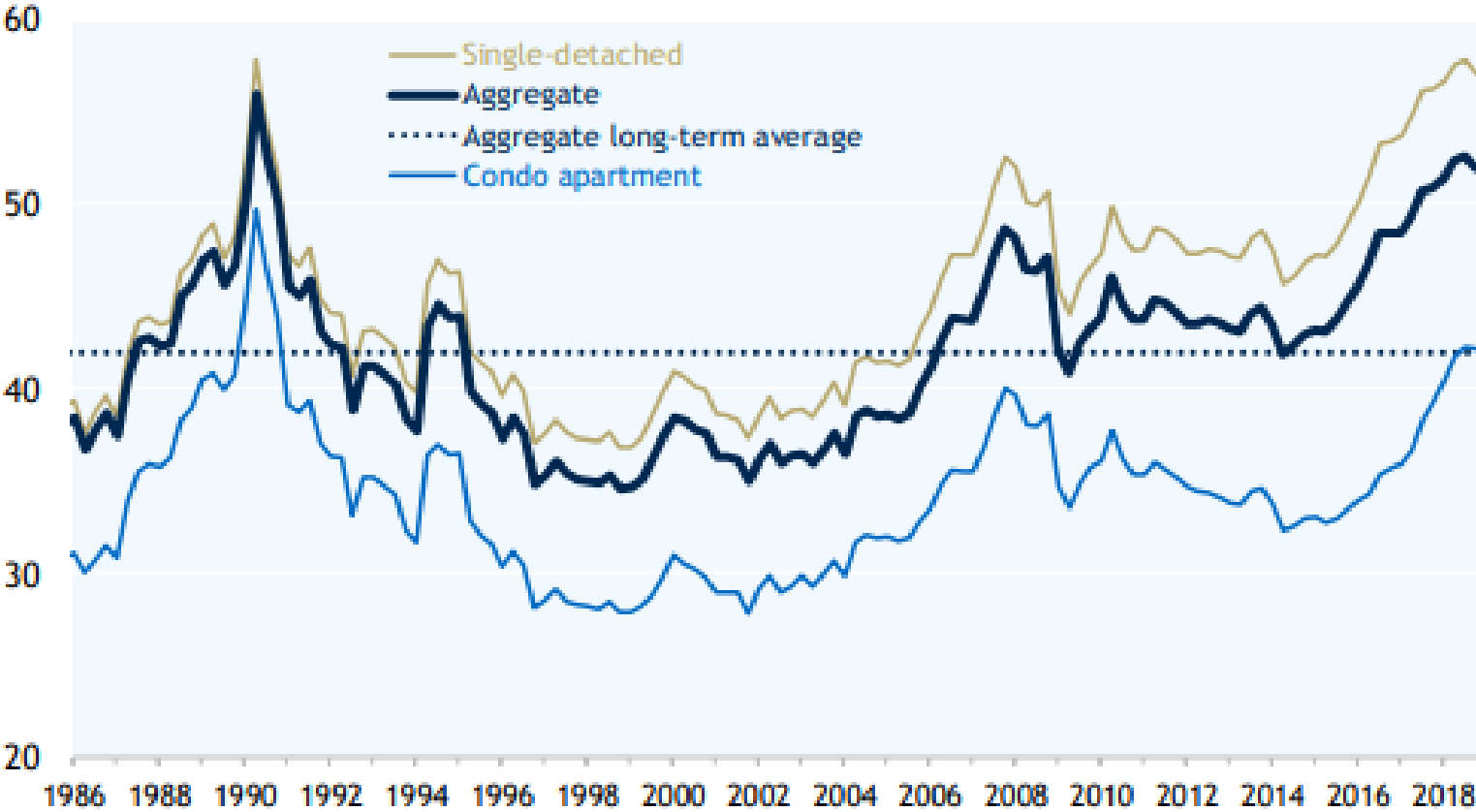


Source: Statistics Canada, RBC Economics

Canadians are especially vulnerable to rising rates

As housing becomes increasingly unaffordable

Ownership Costs as % of Median Household Income



The share of income a household would need to cover ownership costs (in %)

Canada	Vancouver	Calgary	Edmonton	Toronto	Ottawa	Montreal
51.9	84.7	40.3	34.8	66.1	40.6	44.5

Source: RBC Economics

The bank of mom and dad is becoming an increasing theme

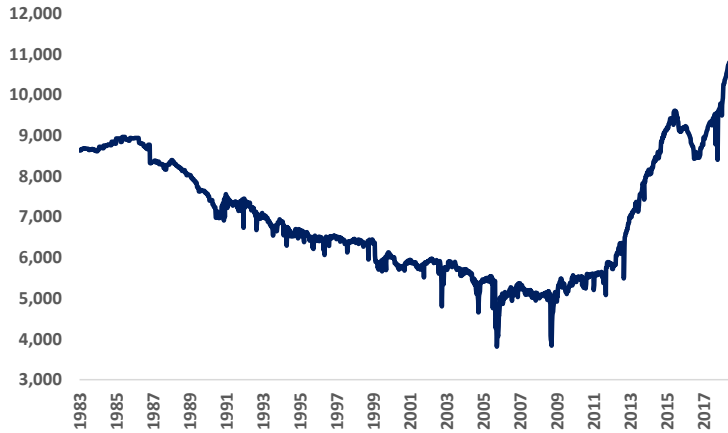
Competitiveness Challenges Relative to the U.S.	
Labour	<ul style="list-style-type: none">• Tougher labour laws in Canada<ul style="list-style-type: none">– Higher minimum wage– Easier unionization– Full-time/part-time equivalency– Immigration a partial offset
Environment	<ul style="list-style-type: none">• Canada in Paris agreement, U.S. out• New carbon taxes ramp up over next five years• More extensive resource consultation process
Regulations	<ul style="list-style-type: none">• U.S. deregulating; Canada regulating• Electricity costs ~50% higher in Ontario than in U.S.
Taxes	<ul style="list-style-type: none">• U.S. taxes fell sharply; Canadian taxes have risen• Corporate rates now on-par• Personal rates now ~10%-15% higher at highest marginal levels
Tariffs / Trade Policy	<ul style="list-style-type: none">• U.S. applying tariffs to Canada and vice versa• Trade policy uncertainty hurts Canada more than U.S.

Source: RBC Global Asset Management

Quick Hit: Oil, Investment and CAD

US oil production has gone parabolic

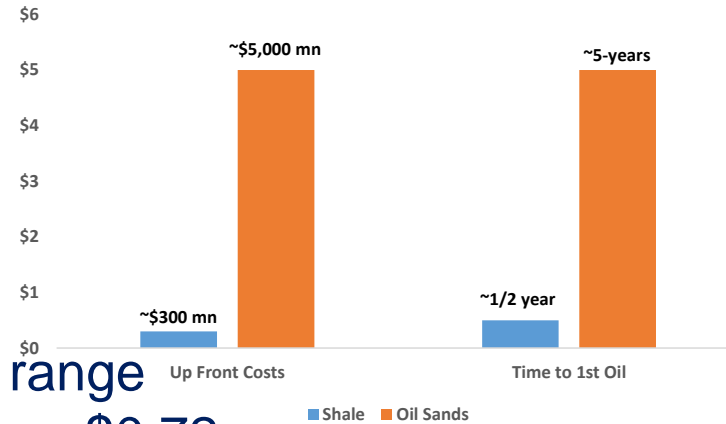
US domestic oil production (in millions of boe/day)



Source: EIA; RBC CM Canadian Equity Strategy

Economics are completely different

Cost and time to first oil (in billions of USD and years)

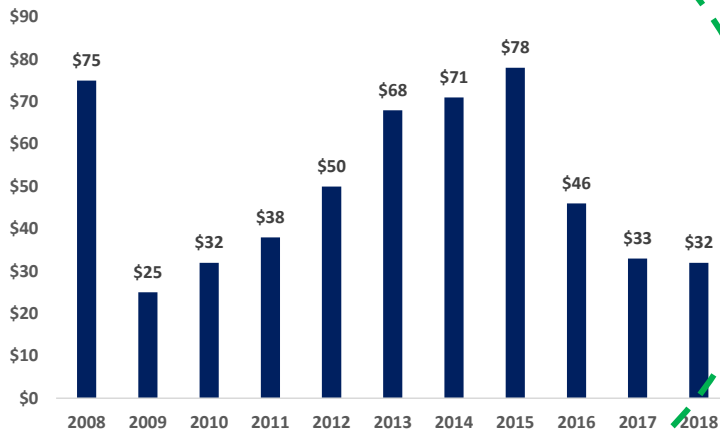


Source: EIA; RBC CM Canadian Equity Strategy

CAD likely range bound between ~\$0.72 and ~\$0.80 with a bias to the low end

Contributing to collapse of Foreign Direct Investment in Canada

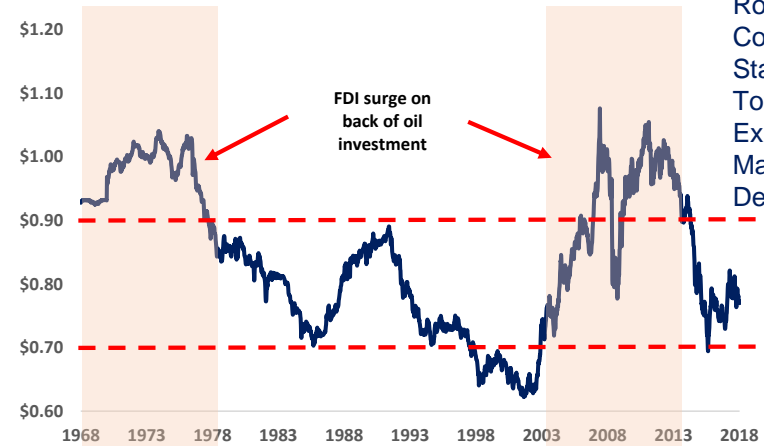
Foreign Direct Investment in Canada (in billions of CAD)



Source: Bloomberg; RBC CM Canadian Equity Strategy

USD/CAD on the back of FDI

USDCAD



Note: Measured through December 2018
Source: Bloomberg


Leaving Canada

- Royal Dutch Shell
- ConocoPhillips
- Statoil ASA – partial
- Total SA – partial
- ExxonMobil – partial
- Marathon Oil
- Devon Energy

For CAD to move decisively about \$0.80, the oil dynamic would likely need to change

■ Stocks and Bonds

Stocks offer a compelling advantage

	Capital Invested	Dividends/ Coupon	Reinvested Earnings	Total Earnings	Multiple Paid
S&P 500	\$100	\$1.80	\$3.70	\$5.50	17.5x
10-year Treasury Bond	\$100	\$1.80	-	1.80	55x
Investment Grade Corp (Wal-Mart)	\$100	\$2.41		\$2.41	41x

Source: Factset

The price one pays matters a lot in the long run

Which is riskier in the long run?

	Low Risk Corp	Ute to Match Cash Flow	High Risk Corp	Ute to Match Cash Flow
Amount Invested	\$1,000,000	\$336,700	\$1,000,000	\$606,060
Yield	2.50%	4.50%	4.50%	4.50%
Growth	0%	5%	0%	5%
Tax Rate	54%	39%	54%	39%
Cash Flows				
Year 1	\$11,625	\$9,242	\$20,925	\$16,636
Year 2	\$11,625	\$9,705	\$20,925	\$17,468
Year 3	\$11,625	\$10,190	\$20,925	\$18,342
Year 4	\$11,625	\$10,699	\$20,925	\$19,259
Year 5	\$11,625	\$11,234	\$20,925	\$20,222
Year 6	\$11,625	\$11,796	\$20,925	\$21,233
Year 7	\$11,625	\$12,386	\$20,925	\$22,294
Year 8	\$11,625	\$13,005	\$20,925	\$23,409
Year 9	\$11,625	\$13,655	\$20,925	\$24,579
Year 10	\$11,625	\$14,338	\$20,925	\$25,808
Total Cash Flow	\$116,250	\$116,250	\$209,250	\$209,250

- A quality dividend growing equity would require:
 - ~33% of the capital to match the cash flows of a long-term government bond
 - ~61% of the capital to match the cash flows of a high yield/sub-investment grade bond

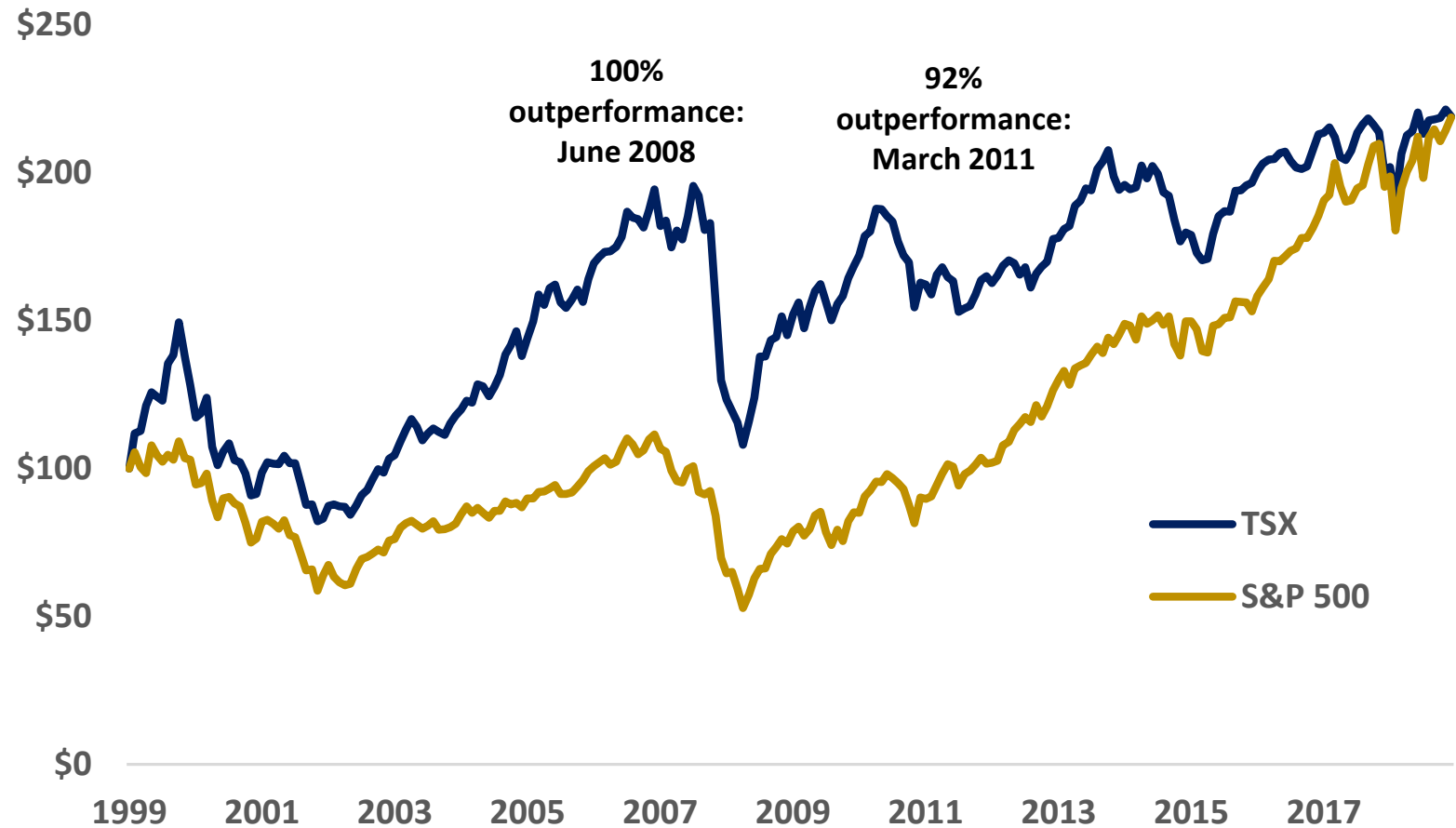
Source: Baraschwealth.com

TINA has run headlong into ZIRP

U.S. stocks catch CAD for the first time in 20-years

S&P/TSX vs, S&P 500: 1999 to 2019

Value of \$100 Invested

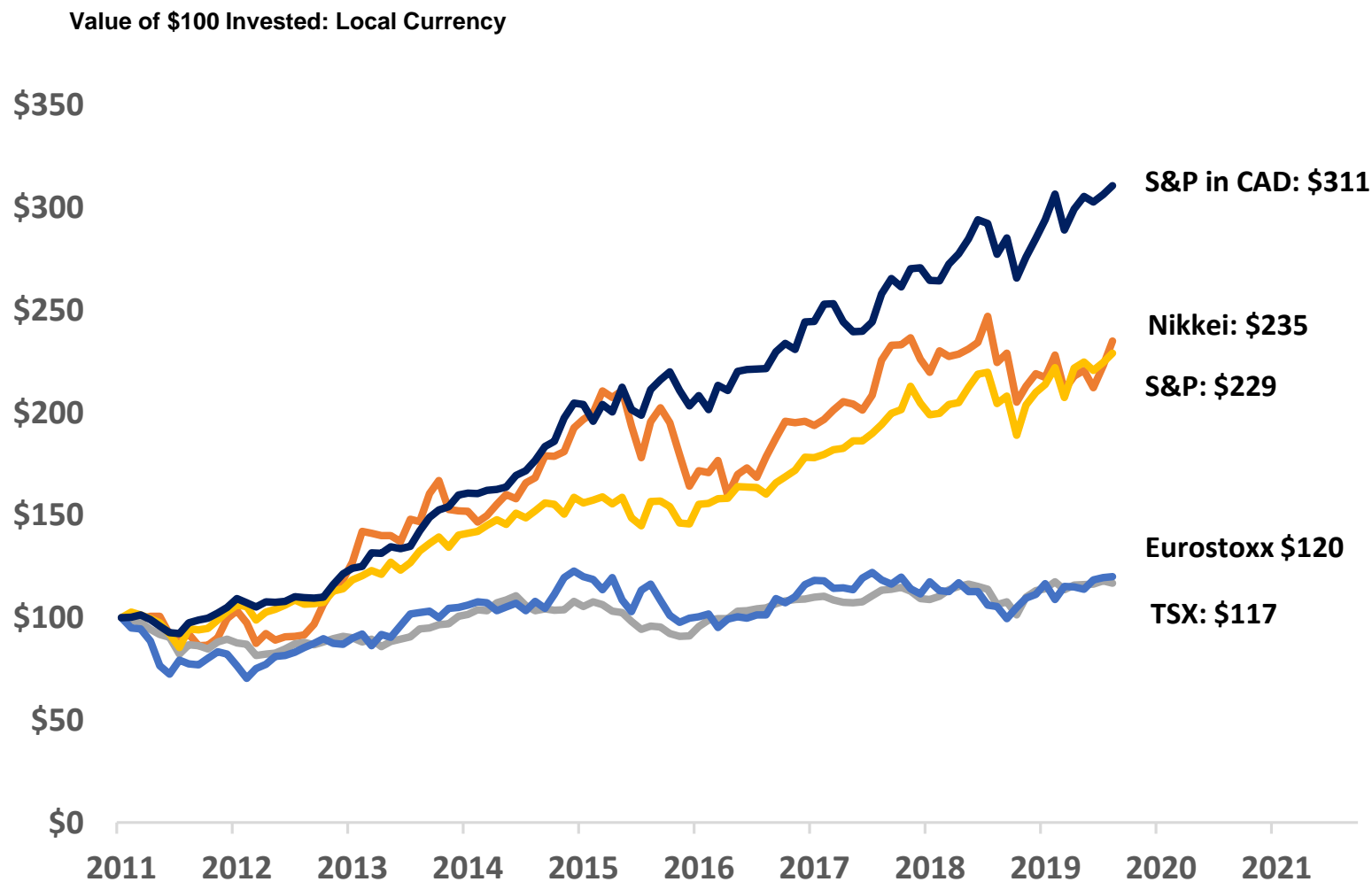


Source: Thomson One

As recently as 2011, the TSX was 92% ahead of the S&P 500

The past 8-years have seen U.S. stock dominance

Global Indices Since 2011

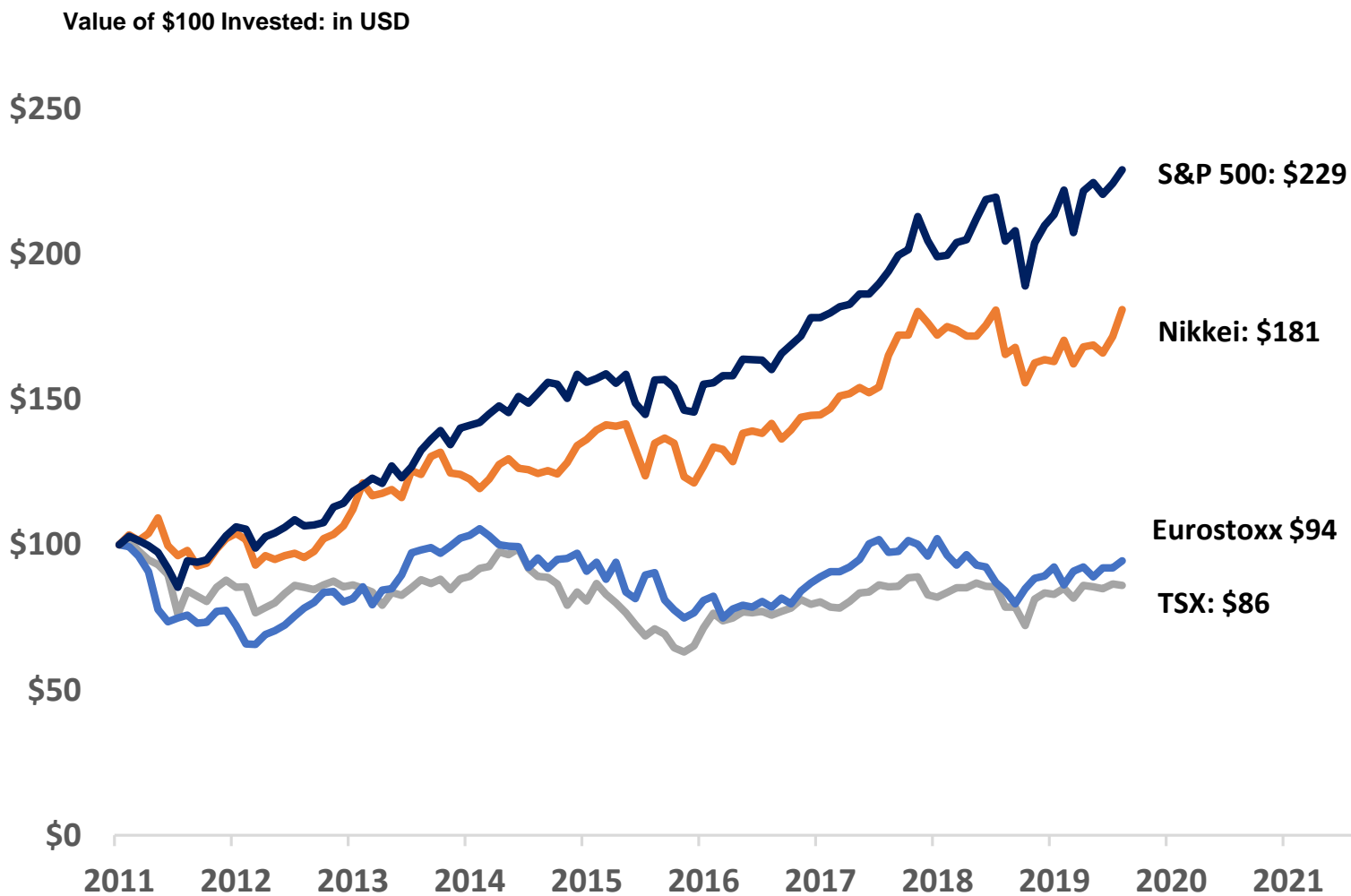


Source: Thomson One

The S&P 500 is ~110% ahead of TSX in local currency and ~195% in USD since 2011

Even more pronounced when adjusted for USD strength

Global Indices Since 2011

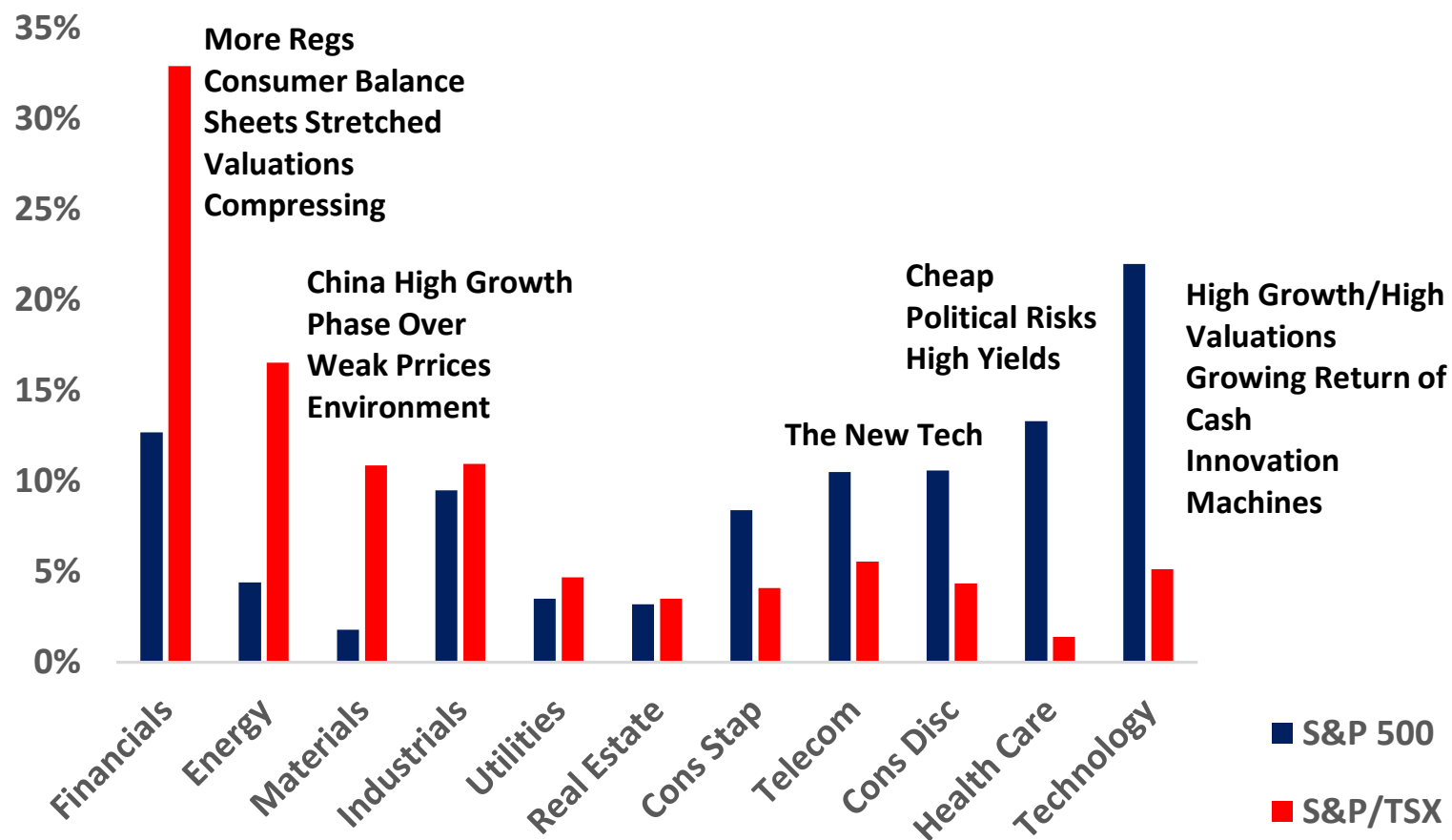


Source: Thomson One

This is encouraging U.S. investors to stay at home

Indices look very different across borders

Index Weights

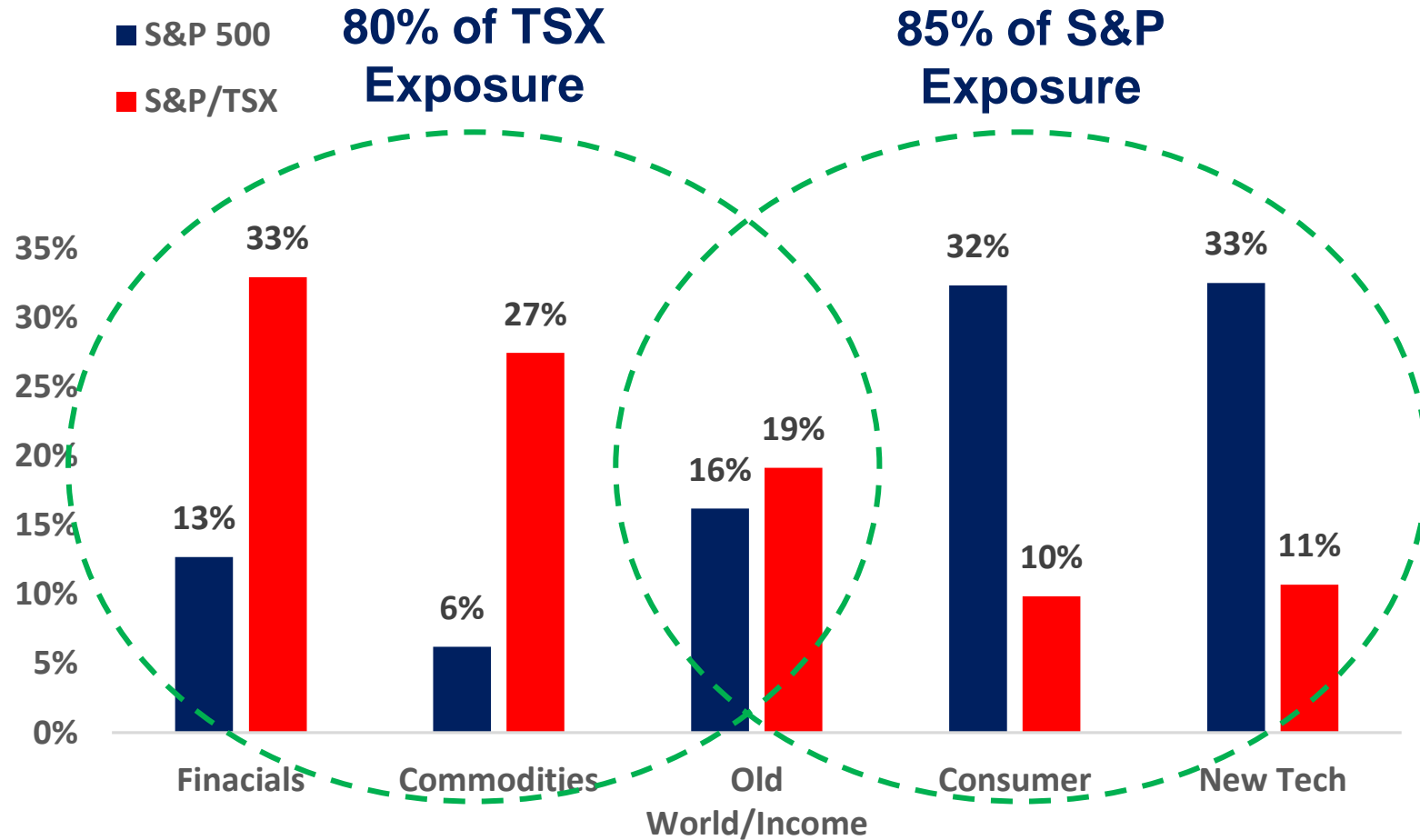


Source: RBC Capital Markets

Home bias is dangerous for Canadians

What's the better mix going forward?

Index Weights



Source: RBC Capital Markets

We tend to balance growth portfolios and 2/3 vs. 1/3 (CAD/US) for income mandates

- 12-Months Until Election Day

Election year is coming

	Likely Dem	The Lucky 13	Likely Trump
	183	161	187
	California	Arizona	Alabama
	Connecticut	Michigan	Alaska
	Delaware	New Hampshire	Arkansas
	Dist. of Col.	Pennsylvania	Idaho
	Hawaii	Wisconsin	Indiana
2008	Illinois	Florida	low 72
2010	Maine, 1st	Minnesota	Kansas
2012	Maryland	Nevada	Kentucky
2014	Massachusetts	Maine (at large)	Louisiana
2016	New Jersey	North Carolina	Maine, 2nd
2018	New Mexico	Colorado	Mississippi
2020	New York	Georgia	Missouri
	Oregon	Virginia	Montana
	Rhode Island	48	Nebraska
	Vermont		North Dakota
	Washington	64	Ohio
			Oklahoma
50 Year Avg.		50	14
Electi		11	South Carolina
			South Dakota
			Tennessee
			Texas
			Utah
			West Virginia
			Wyoming

- Election years are generally low volatility affairs
- Election likely to come down to 13-states decided by < 6% in 2016
 - Trump won 8 of these (123 EVs) in 2016
 - If 77k votes (0.6% of votes cast) had flipped in WI, MI and PA – HRC would be President
- 2018 mid-terms are only data point we have
 - Republicans won 1.4 million more votes in 2016
 - Democrats won 9.7 million more votes in 2018

Trump will adopt 2016 playbook and hope 2018 was a fluke

Who will it be?

The Frontrunners



- Average support ~25%
- Average Age on Election Day: 75-years/8-months
- Top movie when they turned 18 – Cleopatra

The Long Shots



- Average support ~5%
- Average Age on Election Day: 49-years/9-months
- Top movie when they turned 18: Batman

There has not been a Democratic President elected to first term over the age of 52 since 1912 – And he had a stroke in office

- **Who will be Democratic candidate?**
 - 75% chance it is Biden, Warren or Sanders
 - 1992: 99% chance it was not Bill Clinton
 - 2004: 90% chance it was not John Kerry
 - 2008: 85% chance it was not Barack Obama
 - 2016: 85% chance it was not Donald Trump
- **Would Warren/Sanders negatively impact stock market?**
- **Will impeachment matter?**
 - Using 1998 analogy is silly
- **Can Trump win with 40% - 42% approval rating?**
 - Has been most consistent approval rating in history
 - On 3/22/17 – Comey announces investigation of Trump links to Russia
 - Approval rating has not been > 43% since
- **Can Trump lift his approval rating?**
- **Can Dems compete in states that are trending blue**
 - Texas: O'Rourke nearly won Senate seat in 2018
 - Georgia: Abrams nearly won Governorship in 2018
 - Arizona: Won Senate seat in 2018

■ Brexit

■ Some Fun Facts

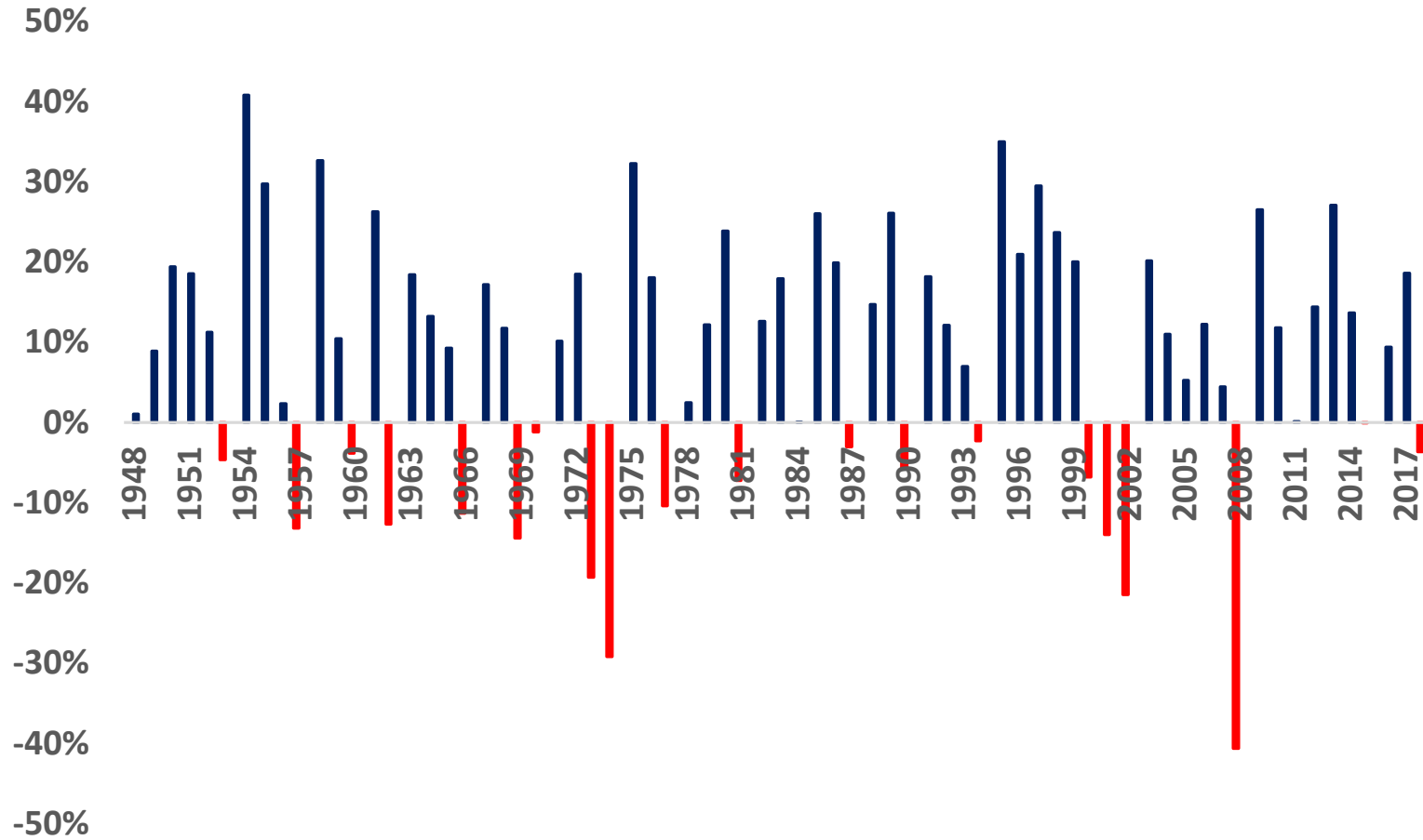
Fact 1

In the past seven decades, the S&P 500 has 50-positive return years and 20-negative return years

The S&P 500 has risen more than 70% of the time

S&P 500: 1949 – 2018

Annual Price Return



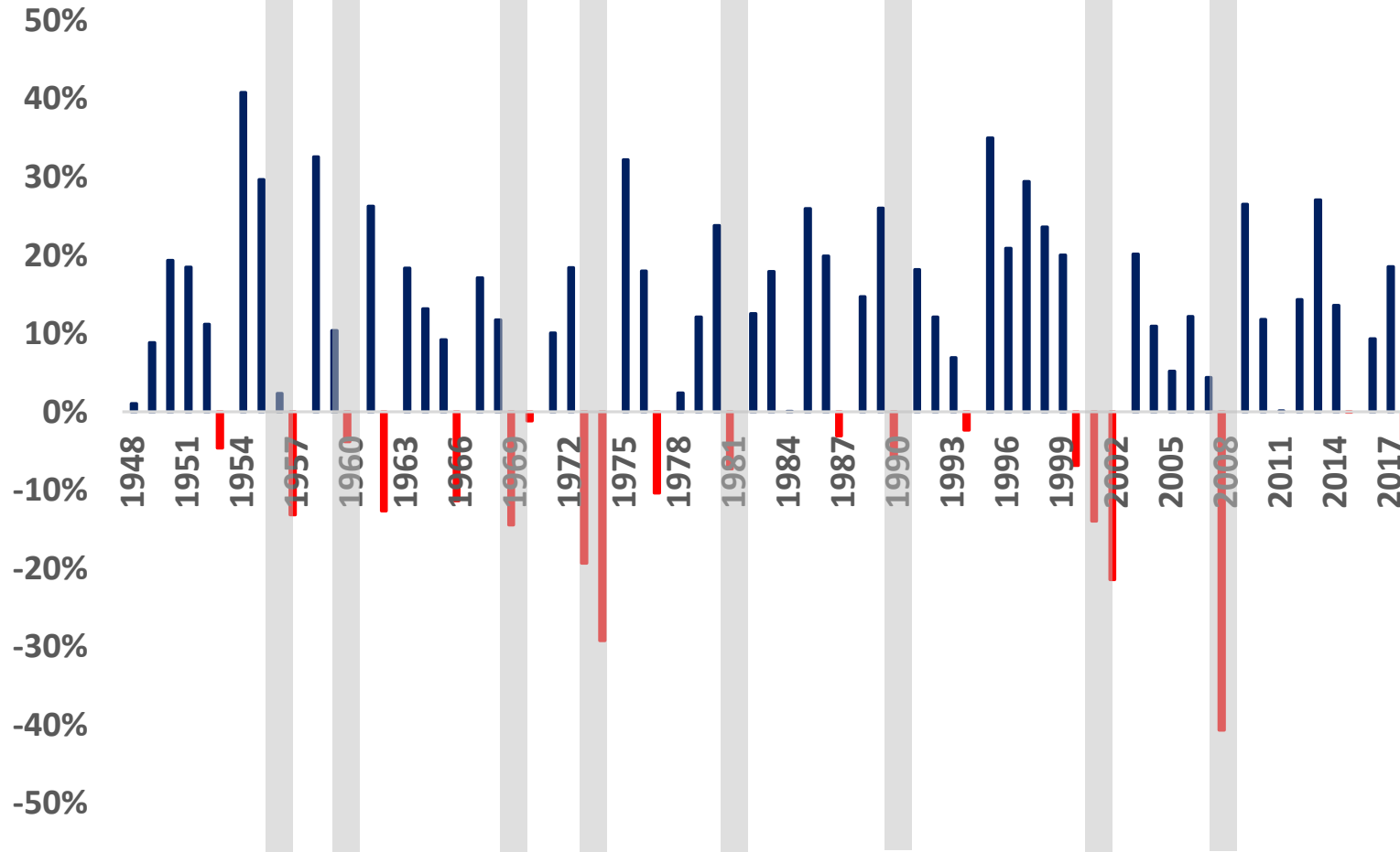
Source: RBC WM; Bloomberg

Down years may be more rare than most people think

There have been ~8 US Recessions in the past 7-decades

S&P 500: 1949 - 2018

Annual Price Return

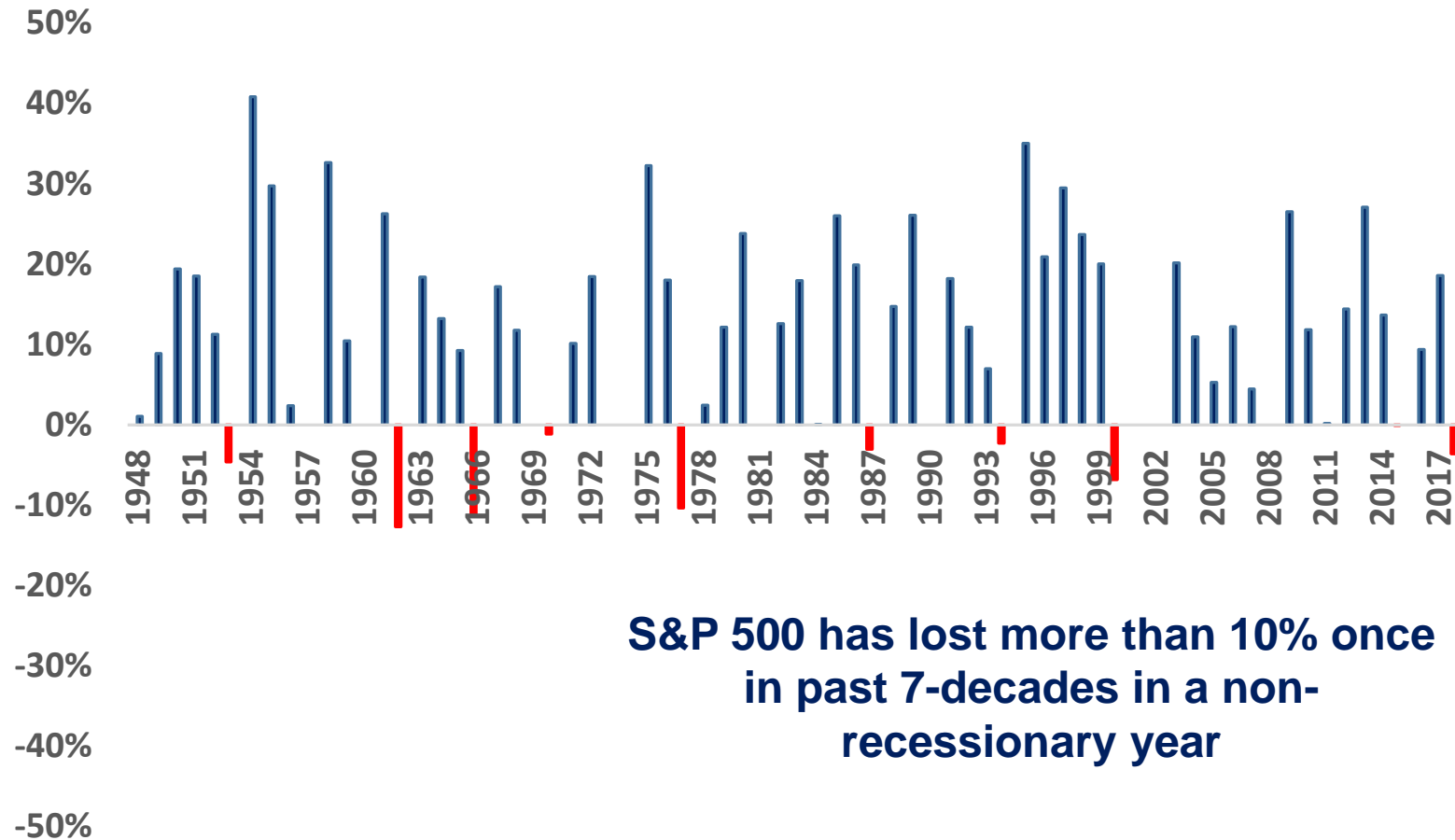


Most down years are associated with US recessions

Losses of more than ~5% are extremely rare in non-recession years

S&P 500: 1949 - 2018

Annual Price Return



**S&P 500 has lost more than 10% once
in past 7-decades in a non-
recessionary year**

Source: RBC WM; Bloomberg

While negative years in the absence of US recession occur, they usually see shallow losses

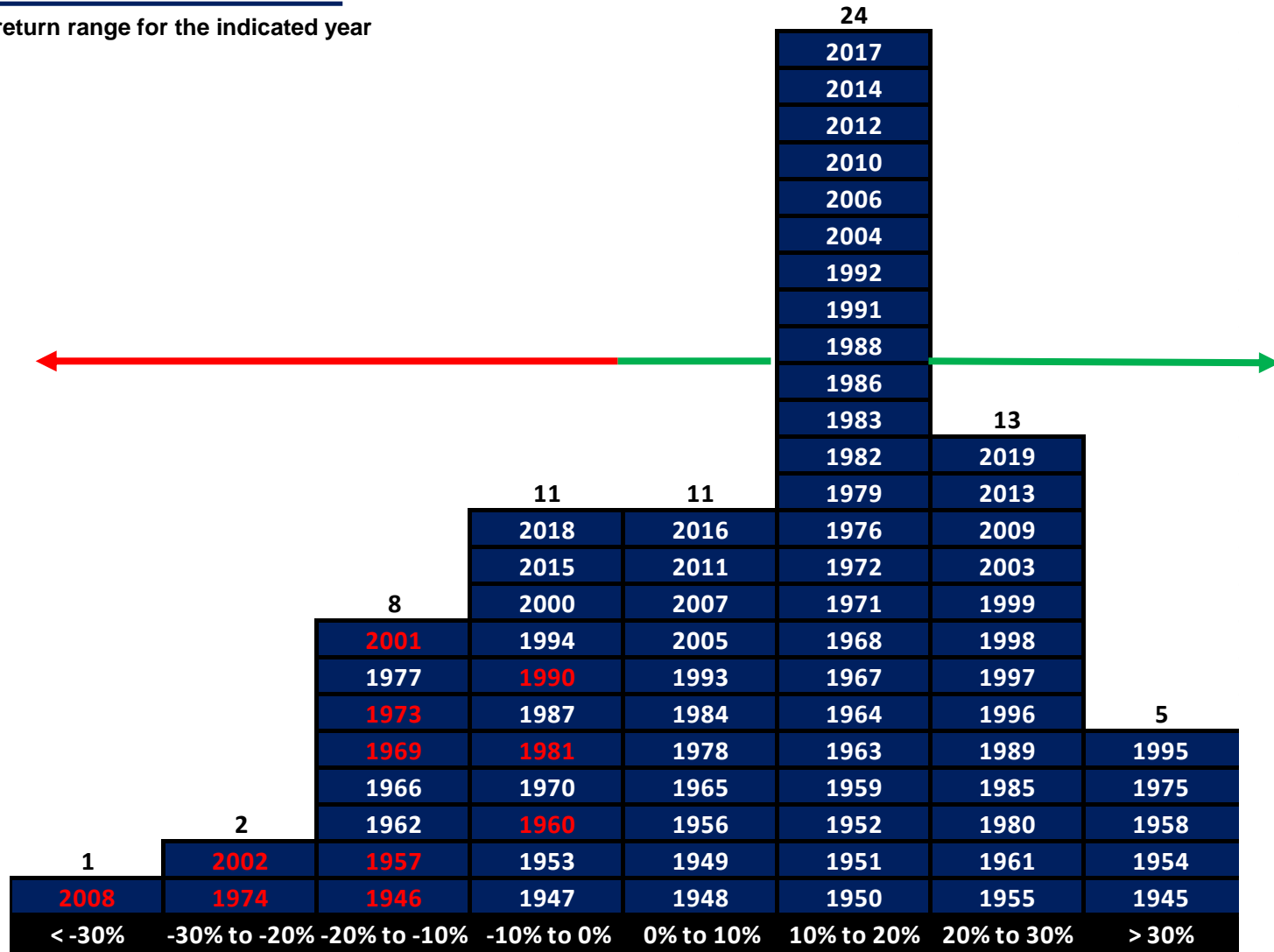
Fact 2

The S&P 500 has had 4x as many
+10% years as -10% years since WWII

The most common annual return for S&P 500 has been 10% to 20%

S&P 500: 1945 - 2019

Price return range for the indicated year



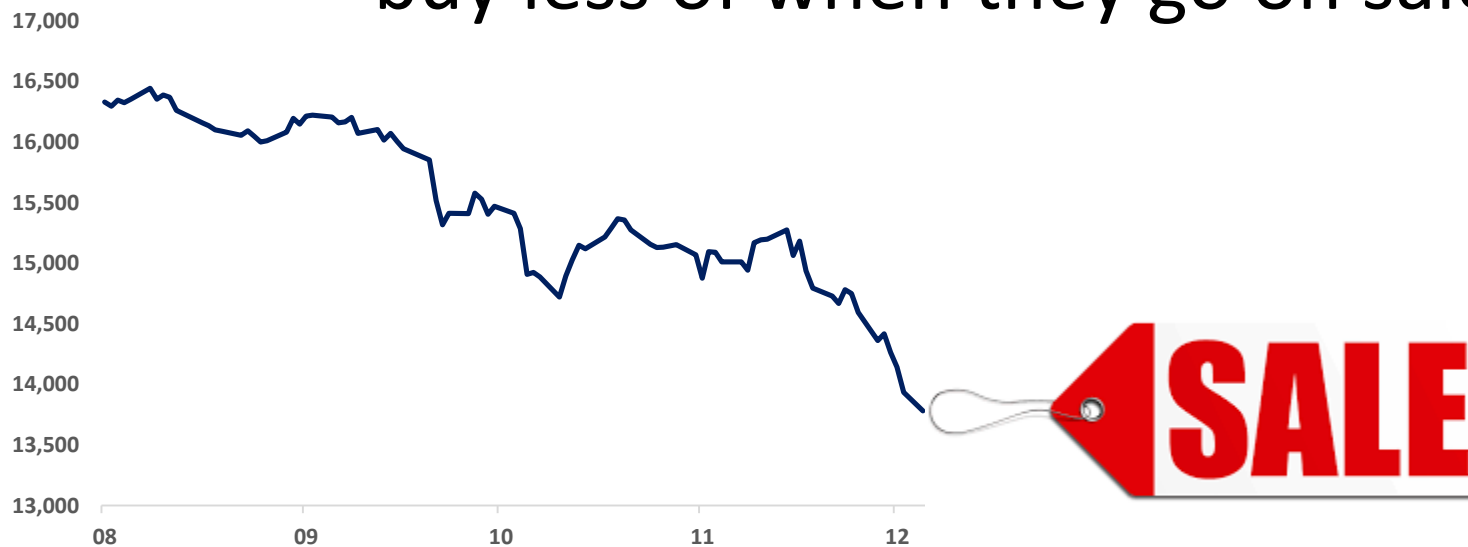
Source: RBC WM; Bloomberg

The S&P 500 has risen between 10% and 30% 37 of the past 75 years

Fact 3

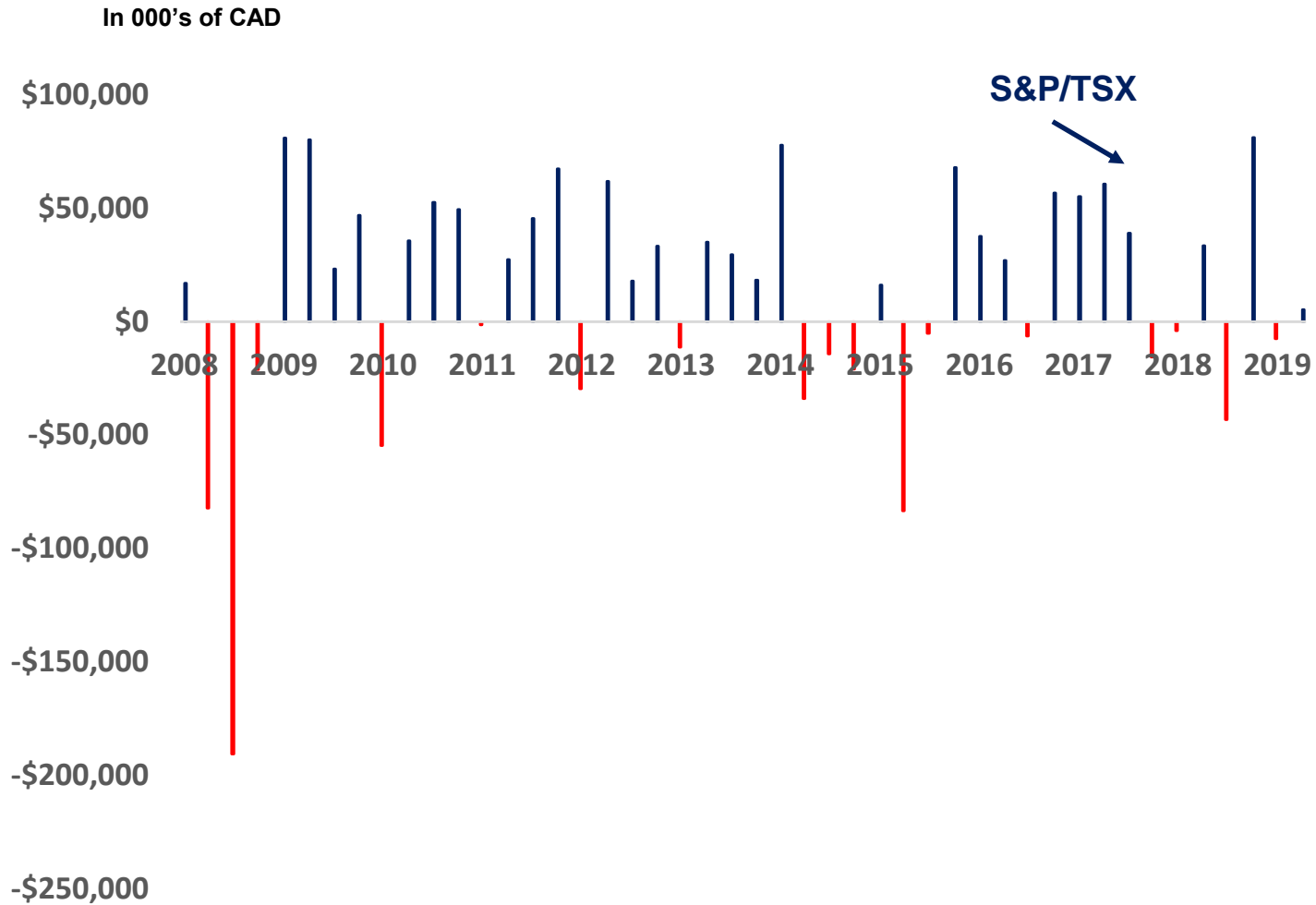
Retail investors sell the most at the bottom and buy the most at the top

Stocks are the only thing we want to buy less of when they go on sale



Timing isn't everything

Canadian Mutual Fund Flows vs. S&P/TSX



Source: RBC WM; Bloomberg

The TSX bottomed in Q109, Q212, Q116 and Q418 – all four periods saw huge negative outflows

Some facts about investing

Fact 4

The average investor earns ~3% less per annum than the return on the index – why?

1. Emotions

- Do nothing is often the best solution
- Your money is like a bar of soap – the more you handle it, the less you have
- Recessions are rare - but 10% drawdowns occur once every 18-months on average

2. Chasing the fad

- My buddy told me about a really sweet cannabis stock that I should load up on
- Your buddy is likely a moron
- Buy good businesses

3. Fees

- The industry is full of hidden fees that chip away at returns

Your Buddy



Give your emotions a focus

- Market downturns associated with US recessions take 8-years to recover from
 - 4-years to recover to prior high
 - 4-years to earn back lost returns
- Market downturns not associated with US recessions take 8-months to recover from
- Thus, we focus on US recession risk
- Key areas of focus:
 - Jobs
 - Manufacturing activity
 - Bond yields
 - Capacity
 - Confidence



- MBA from University of Toronto
- CFA charterholder since 2004
- Former head of US and Canadian equities for RBC Wealth Management
- Former Chief Canadian Equity Strategist for RBC Capital Markets
- Former Chair of RBC's Investment Strategy Committee

Required Disclosures

Non-U.S. Analyst Disclosure

Matt Barasch (i) is not registered/qualified as a research analyst with the NYSE and/or FINRA and (ii) may not be an associated person of the Barasch Wealth Management, LLC and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Conflicts Disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of Barasch Wealth Management and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of Barasch Wealth Management and its affiliates.

Distribution of Ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although Barasch Wealth Management' ratings of Top Pick/Outperform, Sector Perform and Underperform most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis (as described above).

Distribution of Ratings				
RBC Capital Markets, Equity Research				
As of 31-Mar-2016				
Rating	Count	Percent	Investment Banking	
			Count	Percent
BUY [Top Pick & Outperform]	887	51.78	258	29.09
HOLD [Sector Perform]	722	42.15	115	15.93
SELL [Underperform]	104	6.07	8	7.69

Required Disclosures

Conflicts Policy

Barasch Wealth Management Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to <https://www.rbccm.com/global/file-414164.pdf> or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of Research and Short-term Trade Ideas

Barasch Wealth Management endeavors to make all reasonable efforts to provide research simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. Barasch Wealth Management' equity research is posted to our proprietary website to ensure eligible clients receive coverage initiations and changes in ratings, targets and opinions in a timely manner. Additional distribution may be done by the sales personnel via email, fax, or other electronic means, or regular mail. Clients may also receive our research via third party vendors. Barasch Wealth Management also provides eligible clients with access to SPARC on the Firm's proprietary INSIGHT website, via email and via third-party vendors. SPARC contains market color and commentary regarding subject companies on which the Firm currently provides equity research coverage. Research Analysts may, from time to time, include short-term trade ideas in research reports and / or in SPARC. A short-term trade idea offers a short-term view on how a security may trade, based on market and trading events, and the resulting trading opportunity that may be available. A short-term trade idea may differ from the price targets and recommendations in our published research reports reflecting the research analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'Sector Perform' or even an 'Underperform' might present a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'Outperform' could be considered susceptible to a short-term downward price correction. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm generally does not intend, nor undertakes any obligation, to maintain or update short-term trade ideas. Short-term trade ideas may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your investment advisor or institutional salesperson for more information regarding Barasch Wealth Management' research.

Analyst Certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Disclaimer

Barasch Wealth Management is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., Barasch Wealth Management, LLC, RBC Europe Limited, Barasch Wealth Management (Hong Kong) Limited, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by Barasch Wealth Management from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, Barasch Wealth Management, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute Barasch Wealth Management' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Barasch Wealth Management research analyst compensation is based in part on the overall profitability of Barasch Wealth Management, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. Barasch Wealth Management may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. Barasch Wealth Management research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither Barasch Wealth Management nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of Barasch Wealth Management.

Additional information is available on request.

To U.S. Residents: This publication has been approved by Barasch Wealth Management, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with Barasch Wealth Management, LLC.

To Canadian Residents: This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents: This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. However, targeted distribution may be made to selected retail clients of RBC and its affiliates. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To Persons Receiving This Advice in Australia: This material has been distributed in Australia by Royal Bank of Canada - Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents: This publication is distributed in Hong Kong by Barasch Wealth Management (Hong Kong) Limited and Royal Bank of Canada, Hong Kong Branch (both entities which are regulated by the Hong Kong Monetary Authority ('HKMA') and the Securities and Futures Commission ('SFC')). Financial Services provided to Australia: Financial services may be provided in Australia in accordance with applicable law. Financial services provided by the Royal Bank of Canada, Hong Kong Branch are provided pursuant to the Royal Bank of Canada's Australian Financial Services Licence ('AFSL') (No. 246521). Barasch Wealth Management (Hong Kong) Limited is exempt from the requirement to hold an AFSL under the Corporations Act 2001 in respect of the provision of such financial services. Barasch Wealth Management (Hong Kong) Limited is regulated by the HKMA and the SFC under the laws of Hong Kong, which differ from Australian laws.

To Singapore Residents: This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity granted offshore bank licence by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents: Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through Barasch Wealth Management (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association ("JSDA").

® Registered trademark of Royal Bank of Canada. Barasch Wealth Management is a trademark of Royal Bank of Canada. Used under license.

Copyright © Barasch Wealth Management, LLC 2016 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2016 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2016
Copyright © Royal Bank of Canada 2016
Copyright © Barasch Wealth Management (Hong Kong) Limited 2016

All rights reserved