The 15-MINUTE RETIREMENT PLAN

Fisher Investments Canada™

One of the biggest risks an investor faces is running out of money in retirement.

This can be a personal tragedy. People may work their whole lives to accumulate enough wealth for a comfortable retirement only to find they've come up short. To help minimize this risk, Fisher Investments recommends keeping the following key questions in mind when planning your retirement:

1. How Long Will Your Portfolio Need to Provide for You?

2. How Can Cash Distributions and Inflation Impact Your Portfolio?

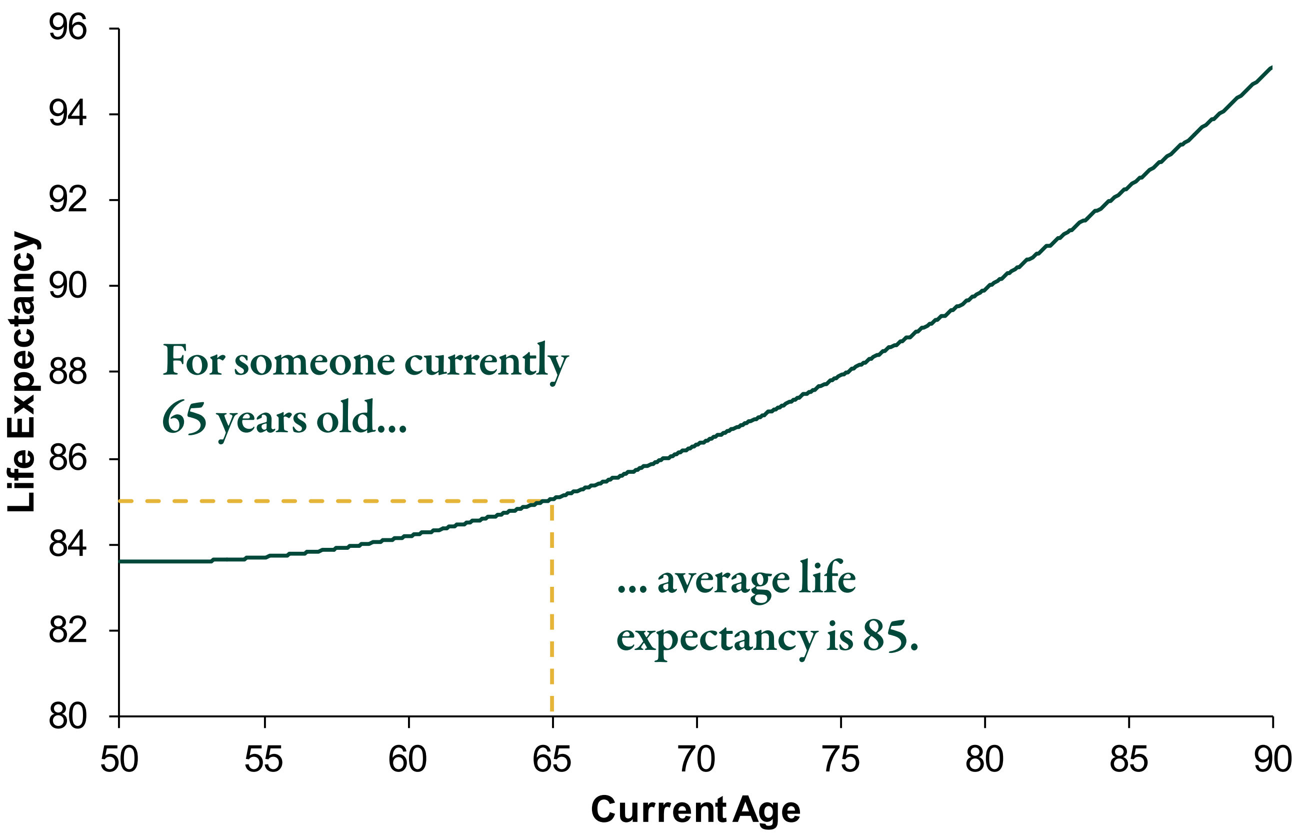
3. How Do You Establish a Primary Investment Objective?

4. What Are Important Trade-Offs You May Need to Make?

1. How Long Will Your Portfolio Need to Provide for You?

The graph below shows an approximation for total life expectancies based on current age. We believe these projections likely underestimate how long people will actually live given ongoing medical advancements. And don't forget these are projections of average life expectancy—planning for the average is not sufficient since about half of people in each bracket are expected to live even longer. Factors such as current health and heredity can also cause individual life expectancies to vary widely.

The bottom line? Your time horizon may be much longer than you realize. Prepare to live a long time and make sure you have enough money to maintain your lifestyle.



**Source: Statistics Canada, Demography Division, life tables. (revised as of 2013/09/25) http://www.statcan.gc.ca/pub/91-209-x/2013001/article/11867/tbl/tbl3-eng.htm*

2. How Can Cash Distributions and Inflation Impact Your Portfolio?

As you anticipate your investment time horizon, it's also critical to understand how withdrawals will impact your portfolio. Like many investors, you may have unrealistic expectations of how much money you'll be able to safely withdraw each year during retirement.

A common—but incorrect—assumption is that since equities have historically delivered about 9% annualized average return over the long term*, it must be safe to withdraw 9% a year without drawing down the principal.

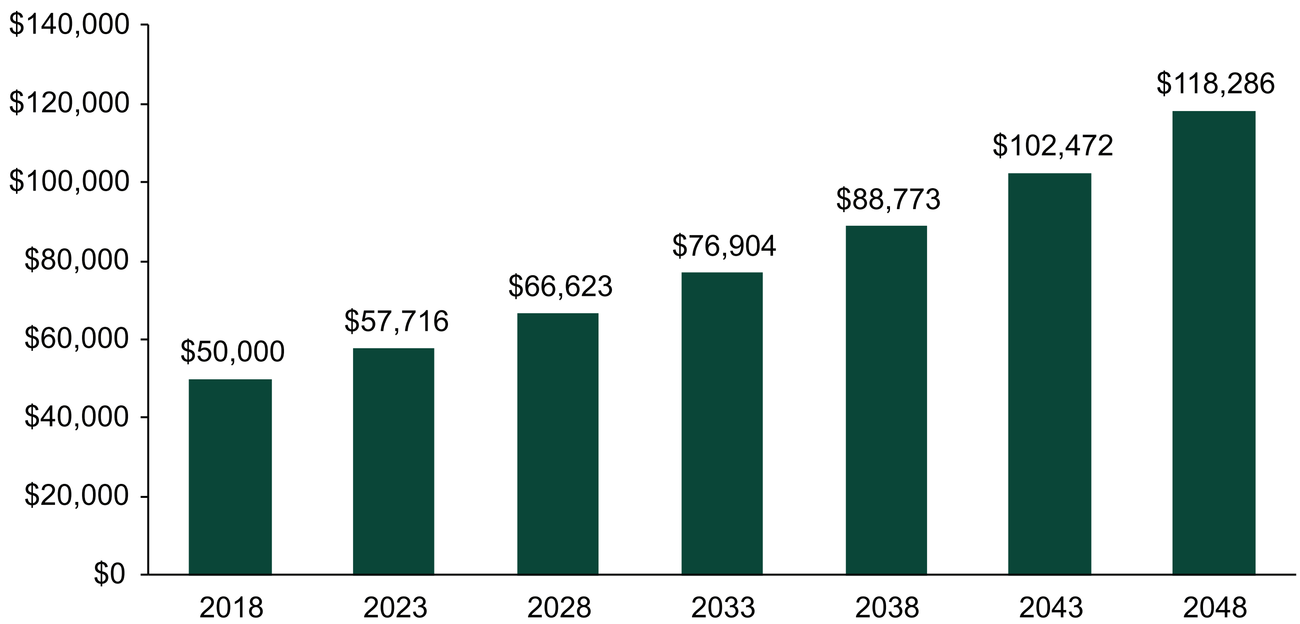
Nothing could be further from the truth. Though markets may annualize about 9% over time, returns vary greatly from year to year. Miscalculating withdrawals during market downturns can substantially decrease the probability of maintaining your principal. For example, if your portfolio is down 20% and you take a 9% distribution, you will need about a 37% gain just to get back to the initial value.

Another important portfolio factor to consider is inflation. Inflation is insidious. It decreases purchasing power over time and erodes real savings and investment returns. Many investors fail to realize how much impact inflation can have.

Since 1925, inflation has averaged approximately 3% a year.** If that average inflation rate continues in the future, a person who currently requires $50,000 to cover annual living expenses would need approximately $90,000 in 20 years and $120,000 in 30 years *just to maintain the same purchasing power.*

Similarly, if you placed $1,000,000 under your mattress today, in 30 years that money would only be worth around $400,000 in today's dollars.

Maintaining Purchasing Power***



**Source: Global Financial Data, as of 23/08/2018. Based on Canada's Consumer Price Index from 31/12/1925-31/12/2017.*
***Source: Global Financial Data, as of 12/31/2014. A primary measurement for the rate of inflation is the Canada Consumer Price Index (CPI), which has averaged approximately 3.0% annually between, 12/31/1925 – 12/31/2014.*
****Estimate based on a 3.0% rate of inflation.*

3. How Do You Establish a Primary Investment Objective?

Time horizon, cash flow needs and inflation are all key factors to consider in your retirement planning. Another cornerstone is establishing a primary objective for your portfolio.

A precise way to determine your portfolio's objective is to define your "growth objective"—the amount of money you plan to have at the end of your portfolio's time horizon. Possible growth objectives include:

- **Portfolio growth:** You want to increase the purchasing power of your assets as much as possible across your time horizon.
- **Maintaining the value of the portfolio in real terms:** You aim to maintain your present purchasing power at the end of your time horizon.
- **Depleting assets:** You have no desire to leave any assets behind.
- **Targeting a specific ending value:** You desire a specific ending value, perhaps for making a donation to charity.

4. What Are Important Trade-Offs You May Need to Make?

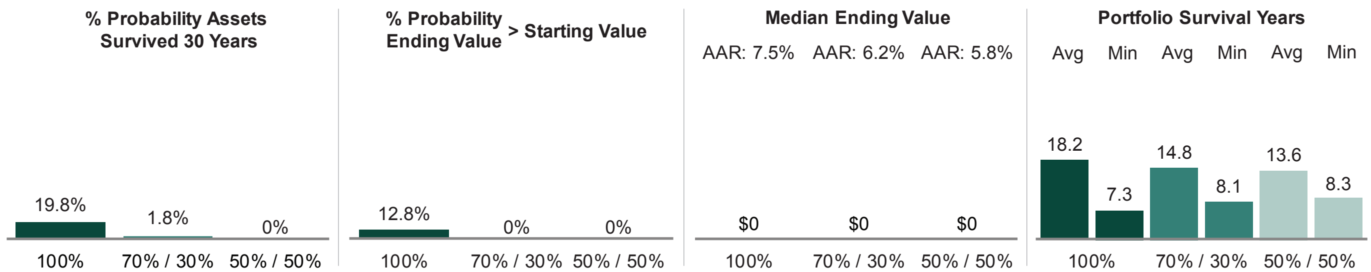
Like many investors, you may plan to draw from your portfolio during retirement. The level of cash flow you require, combined with your growth objective, may require some trade-offs to minimize the risk of running out of money. For example, you may need to increase your exposure to investments with higher returns—and be willing to tolerate the greater volatility associated with them.

Understanding the trade-offs of different strategies is crucial. The following scenarios show the impact of four different rates of withdrawal on a $1,000,000 portfolio under different asset allocations, plus one showing no withdrawals. The four withdrawal rates are: 10%, or $100,000 per year; 7%, or $70,000 per year; 5%, or $50,000 per year; and 3%, or $30,000 per year. These simulations were run using a Traditional Monte Carlo simulator; all withdrawal amounts are adjusted for inflation to maintain original purchasing power.*

**The Monte Carlo simulation is a non-linear statistical method that, based on random sampling of historical stock, bond and cash returns, allows for the assignment of probabilities to various outcomes. This informational analysis makes numerous assumptions, including but not limited to the use of GFD World Stock Index and/or Canada 10-year Government Bond Index historical returns and Fisher Investments' forecasted data for equities, fixed income and inflation to project the ending value in the future or cash flow availability. The index(es) used in this analysis may not be the benchmark(s) selected for clients.*

No assurance can be given that these returns will be achieved. This analysis is for informational purposes only. It has been formulated with data provided to Fisher Investments and is assumed to be reliable. Fisher Investments makes no claim to its accuracy. Investing in securities involves risk of loss. Past performance is no guarantee of future returns.

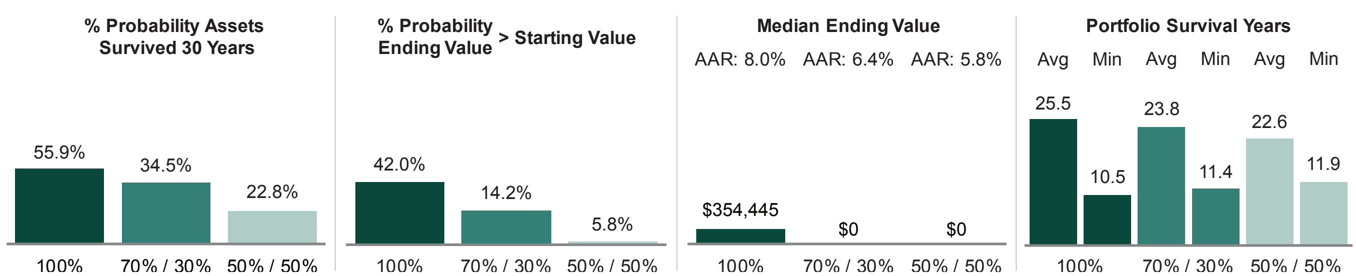
Scenario #1: In this scenario, we simulate the results of an investor taking annual withdrawals of $100,000 (10%) from a $1,000,000 portfolio (starting value) over a hypothetical 30-year investing time horizon.



Scenario #1 shows the probability of this portfolio lasting for 30 years—let alone growing—is very low.

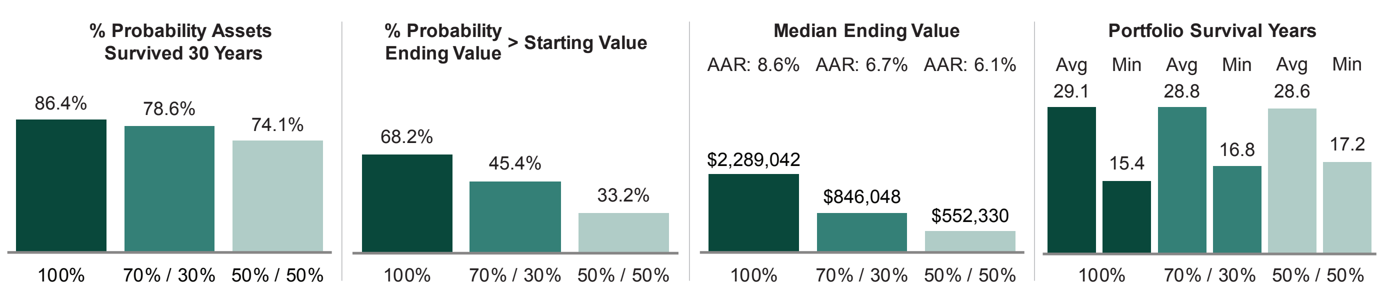
Unfortunately, this is true for all three asset allocations in this example (100% Stocks , 70% Stocks/30% Bonds and 50% Stocks/50% Bonds). Though the portfolio comprising 100% equities produces the highest probability of asset survival, a 19.8% chance of not running out of money in retirement is hardly comforting.

Scenario #2: In this scenario, we simulate the results of an investor taking annual withdrawals of $70,000 (7%) from a $1,000,000 portfolio over 30 years.



Scenario #2 shows the probability of asset survival and growth improves by reducing withdrawals. But even with 100% equity allocation, the likelihood of not running out of money is still only 55.9%.

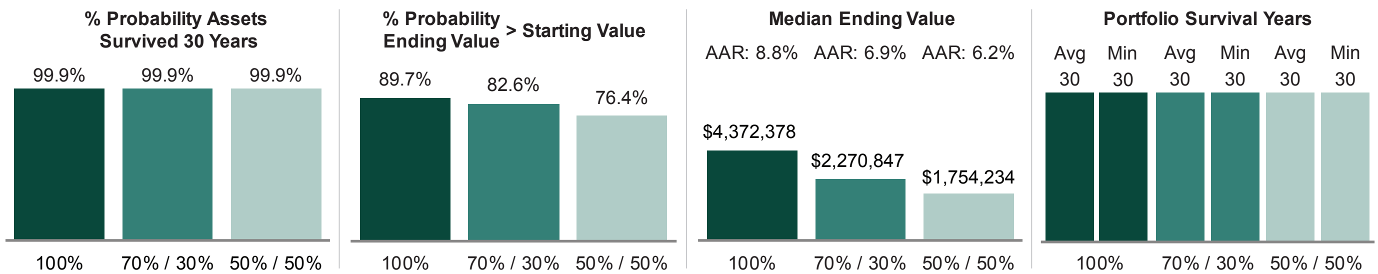
Scenario #3: In this scenario, we simulate the results of an investor taking annual withdrawals of $50,000 (5%) from a $1,000,000 portfolio over 30 years.



Scenario #3 shows reducing withdrawals to 5% of a portfolio greatly improves the probability of both asset survival and growth across all three asset allocations.

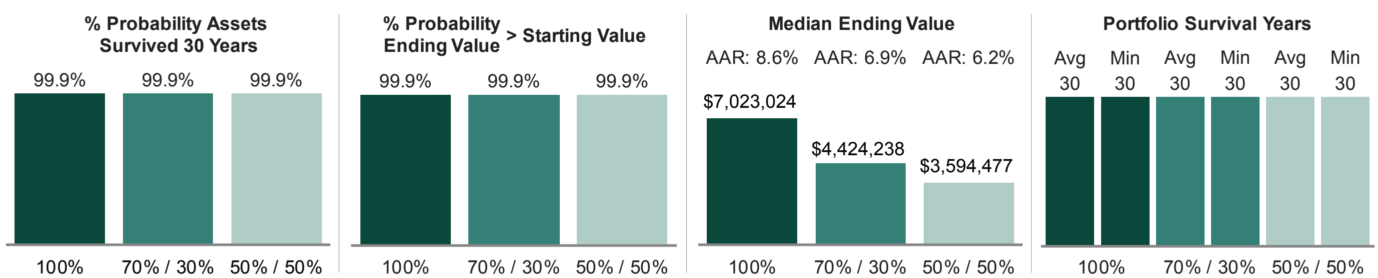
AAR= Average Annualized Return %.

Scenario #4: In this scenario, we simulate the results of an investor taking annual withdrawals of $30,000 (3%) from a $1,000,000 portfolio over 30 years.



Scenario #4 shows materially better probabilities of both asset survival and growth. Using all three asset allocation scenarios, median ending value is higher than the starting value, though 100% stocks shows the best median portfolio growth.

Scenario #5: In this scenario, we simulate the results of an investor taking no annual withdrawals.



For investors with no annual cash flow needs, probability of asset survival is excellent in all three asset allocation scenarios. However, as many may expect, a simulation of 100% stocks resulted in the highest median portfolio terminal value.

AAR= Average Annualized Return %.

Which scenario and asset allocation make you most comfortable?

There is no one right answer—only the answer that's right for you. If portfolio growth is your primary objective, a portfolio with 100% equity might make the most sense.

However, if you want to maintain purchasing power with less volatility, then a 70% equities and 30% bonds allocation may be more appropriate. Determining your primary objective can help you decide which asset allocation is best for your needs.

Planning Your Retirement With Fisher Investments

Still have questions? Not sure what's best for you? Need help getting started? We've helped thousands of investors—each with unique goals and objectives—plan for retirement. Call Fisher Investments at 888-291-0675 to find out how we can help you achieve the comfortable retirement you've been working and saving for.

Investing in stock markets involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is no guarantee of future returns. International currency fluctuations may result in a higher or lower investment return. This document constitutes the general views of Fisher Investments Canada and should not be regarded as personalized investment or tax advice or as a representation of its performance or that of its clients. No assurances are made that Fisher Investments Canada will continue to hold these views, which may change at any time based on new information, analysis or reconsideration. In addition, no assurances are made regarding the accuracy of any forecast made herein. Not all past forecasts have been, nor future forecasts will be, as accurate as any contained herein.

Fisher Asset Management, LLC, doing business as Fisher Investments Canada

From the moment you become a client, we put you first.

We are dedicated to helping investors like you reach their long-term financial goals and live comfortably in retirement. As a fiduciary, we are obligated to put our clients' interests first, but our values, structure and focus on you go even further:

Fees Aligned With Your Interests

Our fee structure is transparent and helps tie our incentives directly to your success. We charge a simple fee based on the assets we manage for you. We do not make money on trading commissions or by selling investment products for a commission—common conflicts of interest in the rest of the financial services industry.

A Tailored Approach

We create a personalised portfolio tailored to your unique situation: your financial goals, wants, needs, health, family and lifestyle. And on an ongoing basis, we work with you to understand changes in your life or financial situation that may impact your investment plan.

Unparalleled Service

Your dedicated Investment Counsellor is here to serve you, not sell to you. Your Investment Counsellor is well versed in your financial goals and helps you stay on track with your investment plan. She or he calls you to make sure you understand what we're doing in your portfolio and why. Our financial planning, educational resources and live client events also help you understand challenging and oftentimes-unpredictable markets.

Investment Experience

We have been working to make the financial services industry a better place for investors since 1979. Today, we apply that experience in helping more than 75,000 clients around the world reach their long-term goals.* Led by our founder Ken Fisher, our Investment Policy Committee—the primary decision makers for your portfolio—has 140+ combined years of industry experience. Moreover, the *Financial Times* named us a Top Registered Investment Adviser seven years in a row.**

FT FINANCIAL TIMES | Top Financial Advisers

**As of 30/06/2020. Includes Fisher Investments and subsidiaries.*
***Fisher Investments was named one of the* Financial Times' *Top 300 US-Based Registered Investment Advisers (RIAs) in the publication's annual lists from 2014 to 2020. Advisers were evaluated based on assets under management, asset growth, years in existence, industry certifications of key employees, online accessibility and compliance record.*

Simply put, we do better when you do better.

Fisher Investments	Some Money Managers
✓ Tailors your portfolio to your goals and needs	✗ Provide cookie-cutter portfolios
✓ Calls regularly to keep you informed	✗ Only call when they have something to sell
✓ Charges one simple, straightforward fee	✗ Sell high-commission investment products

FISHER INVESTMENTS CANADA™

5525 NW Fisher Creek Dr.,
Camas, WA 98607 USA

888-291-0675

www.fisherinvestments.ca

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