

A clear path to retirement

Brett Sumsion

Andrew Dierdorf

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Hi, I'm Brett Sumsion and this is Andrew Dierdorf, and we are the co-portfolio managers on the ClearPath portfolios.

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Through the ClearPath portfolios are designed for anyone who's saving for retirement, and they're designed to be a simple solution that meets a broad array of needs

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For each ClearPath portfolio, there is a year in the name of the strategy that is designed for investors to select a fund that reflects the year when they expect to retire in the future. And for all the strategies, we have a glide path, a strategic asset allocation, that gradually adjusts over time as that target date for retirement approaches. When an investor is young, the portfolio tends to hold more in equity-oriented investments. And as you get closer to retirement and beyond the point of retirement, the allocation to the fixed income investments becomes more prominent.

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Yeah, the glide path really represents – which is the core of the strategies – represents the mix of stocks, bonds and cash that an investor is exposed to throughout their life. When they're younger, they're able to bear more risk, and therefore have more equities in the allocation. And as they age, we reduce the equity allocation and increase the fixed income allocation. It's designed to be a fund, a lifetime solution, for an investor. It's a single fund that takes them through their entire saving and retirement period.

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The primary goal of the targeted strategy is to provide retirement income, and the way we think about that is, we want people to have the same standard of living after they retire as they did prior to retirement.

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We think that is important for investors to think about what their needs are in retirement. And from our perspective, when we're building the targeted strategies and balancing risk in return for investors over different time horizons, we feel that that time horizon is a real benefit, and that benefit of compounding that younger investors can reap when they're saving early and investing early is very important. It magnifies over time the power of their investment. So the strategies we think about from a holistic perspective, we're thinking about other sources of savings that an investor may have personally, or government programs that they may be able to draw from for benefits in retirement. And so, holistically, we're thinking about the type of outcome that an investor has after retirement being similar before retirement.

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Well, as we develop the glide path for the ClearPath funds, we're looking to diversify the allocations across time, and also make sure that we're including asset classes that can generate enough return to provide for the retirement needs of the investors in the funds. And so we're trading off risk and reward, if you will, over someone's lifetime.

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And that's how the saver can live the life they want to in retirement to preserve their standard of living in retirement. We quantify that in a number of different ways, but that's the end goal, is to have people experience a pleasant and good retirement.

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I think when we build our strategies, we're really fortunate to be able to draw upon the depth of Fidelity's global resources here within our organization and design something that's very focused on meeting the specific needs of Canadian investors. So our team draws upon research from a wide variety of sources. We have asset allocation-focused research within our organization. We also benefit from working directly with the fund managers who are selecting securities – and not just the Canadian markets, but markets around the world. So that spans both equities and fixed income.

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And while the solution is simple to the end user, behind the scenes, the shareholders are getting the benefits of that global reach and footprint. And so the complexity is something we deal with, and they get a very simple solution in the end.

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