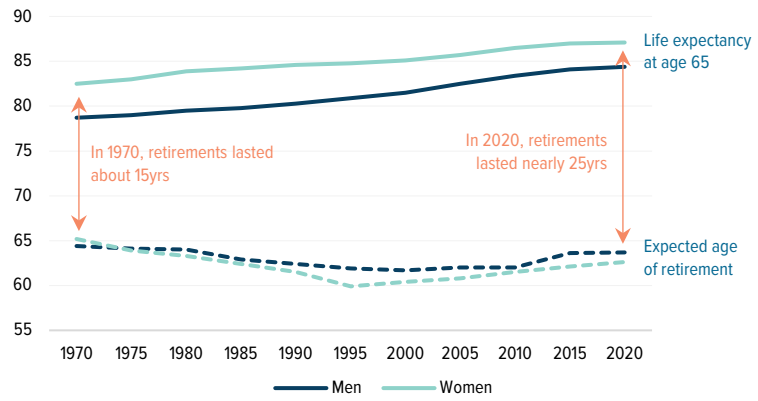
GuardPath™ Longevity Solutions

The Longevity Conundrum

Too many retirees live with the fear of outliving their nest egg. In fact, Guardian Capital LP recently conducted a study where advisors told us 28% of their clients, on average, were "quite concerned."[1] This worry is increasingly warranted based on the human and financial realities facing retirees today.



Source: Guardian Capital LP based on data from Organisation for Economic Cooperation and Development, data accessed August 31, 2022. Solid lines show Canadian life expectancy at age 65. Dotted lines show Canadian life expectancy at age 65 less average number of years in retirement.

It's likely unsurprising that Canadians who reach age 65 live longer now than they did 50 years ago (solid lines in chart). However, they also retire slightly earlier (dotted lines in chart), meaning **Canadians are retired for more than 40% longer today than they were 50 years ago.**

While bonds or dividend-paying equities have traditionally been popular choices for decumulation portfolios, balancing historically low interest rates against the risk of major equity volatility is now a difficult challenge.

Living longer, coupled with more challenging financial or economic realities, likely means that many retirees need to consider new solutions. This misalignment between human and financial longevity is what Nobel Laureate Economist William Sharpe has described as the *"nastiest, hardest problem in finance."*

Enter GuardPath™ Longevity Solutions

These new and innovative portfolio longevity solutions aim to guard investors' long-term financial security, by doing the following:

- Maximizing cash flow in a risk-managed decumulation framework[3]
- Through significant payouts, including survivorship credits, to hedge against the risk of outliving investment capital (human longevity risk)[2].

This solution is one of the first in Canada specifically designed to optimize the utility of invested capital during retirement. It seeks to deliver attractive and steady cash flow over a 20-year period through sophisticated risk management techniques aiming to extend portfolio longevity[2].

This series combines the strength of the GuardPath™ Managed Decumulation and the GuardPath™ Modern Tontine to offer a holistic solution for the entirety of your retirement. This first-of-its-kind solution is specifically designed to optimize the utility of invested capital during retirement through steady cash flow for 20 years, coupled with significant payouts in 20 years[3].

The first investment solution in Canada seeking to deliver financial security to retirees in their later years of life, designed to provide significant payouts in 20 years to surviving unitholders based on compound growth and the pooling of survivorship credits[3].

Find out how we're focused on revolutionizing retirement at guardpath.ca.

Speak to your Financial Advisor about how these innovative solutions may be incorporated into your broader retirement portfolio.

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[1] Source: Guardian Capital LP based on Environics Advisor Retirement Research Study commissioned in 2021. Environics Research is an independent Canadian polling and market research firm widely cited in Canadian news media. The anonymous survey focused on retirement and was conducted online in August 2021. There were 204 advisors surveyed, 90% of which were IIROC registered (50% bank and 50% independent) and 10% were MFDA registered, with each advisor managing greater than $20 million in client assets.

[2] GuardPath™ Modern Tontine total returns may decline if mortality rates or voluntary redemptions, which contribute to survivorship credits, decline and may increase if mortality rates or voluntary redemptions increase. Those who redeem early or pass away prior to year 20 will receive a percentage of their NAV, as described in the prospectus, as of the date of redemption or death.

[3] GuardPath™ Managed Decumulation seeks to minimize volatility and sequence of returns risk through the utilization of sophisticated portfolio management tools and techniques, including options strategies, in addition to dynamic asset allocation.

Unlike traditional mutual funds or exchange traded funds ("ETFs"), the GuardPath™ Longevity Solutions are unique investment fund structures and investors should carefully consider whether his or her financial condition and investment objectives are aligned with these retirement-focused investments. The Units may be suitable for an investor primarily concerned about having sufficient income in retirement, especially in the later years of their life. The Units may not be suitable for an investor whose primary objective is to leave capital behind for their estate. The GuardPath™ Longevity Solutions are not insurance companies, the units are not insurance or annuity contracts, and unitholders will not have the protections of insurance laws. Distributions provided by the GuardPath™ Longevity Solutions are not guaranteed or backed by an insurance company or any third party. The long-term total return and the sustainability of the rate of distributions of the Managed Decumulation Fund may be impacted by volatility and sequence of returns risk. Payments from the Modern Tontine Trust are tied to the life of the unitholder and, accordingly, people with serious or life-threatening health issues should not invest in the Modern Tontine Trust, as the amount that a unitholder will receive upon redemption (either voluntary or upon death) will be lower than the then current NAV per unit, as detailed in the prospectus. The long-term total return of the Modern Tontine Trust will be impacted by actual redemption rates and may increase or decline as mortality rates or voluntary redemptions increase or decline. This is not a complete list of the risks associated with an investment in these GuardPath™ Longevity Solutions.

Please read the prospectus before investing. Important information about these Guardian Capital mutual funds and ETFs is contained in their respective prospectus. Commissions, trailing commissions, management fees and expenses all may be associated with investments in mutual funds and ETFs. You will usually pay brokerage fees to your dealer if you purchase or sell units of an ETF on the Toronto Stock Exchange ("TSX"). If the units are purchased or sold on the TSX, investors may pay more than the current net asset value when buying units of the ETF and may receive less than the current net asset value when selling them. Mutual funds and ETFs are not guaranteed, their values change frequently, and past performance may not be repeated.

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Published September 2022

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