

Retirement Income Report



Retirement Income Report

Focused on key retirement income trends in Canada, the Dynamic Retirement Income Report reveals a growing concern among Canadians about their ability to adequately fund their retirement and a corresponding decrease in investment positivity – a first since the COVID-19 pandemic.

The report also identifies shifting investment priorities, with “protecting against market declines” now the top portfolio priority for the coming year, ranking above capital growth.

As markets become more volatile, Canadian retirees increasingly want certainty. They want to know that their retirement portfolio can generate a steady level of monthly income – regardless of what’s going on in the markets. To help change the retirement conversation, the Dynamic Retirement Income Report provides tools and guidance on how to construct an income-generating portfolio that can help provide this peace of mind.

How do Canadian investors feel about their retirement?

60%

of those surveyed say their retirement plans have been impacted by current economic conditions.

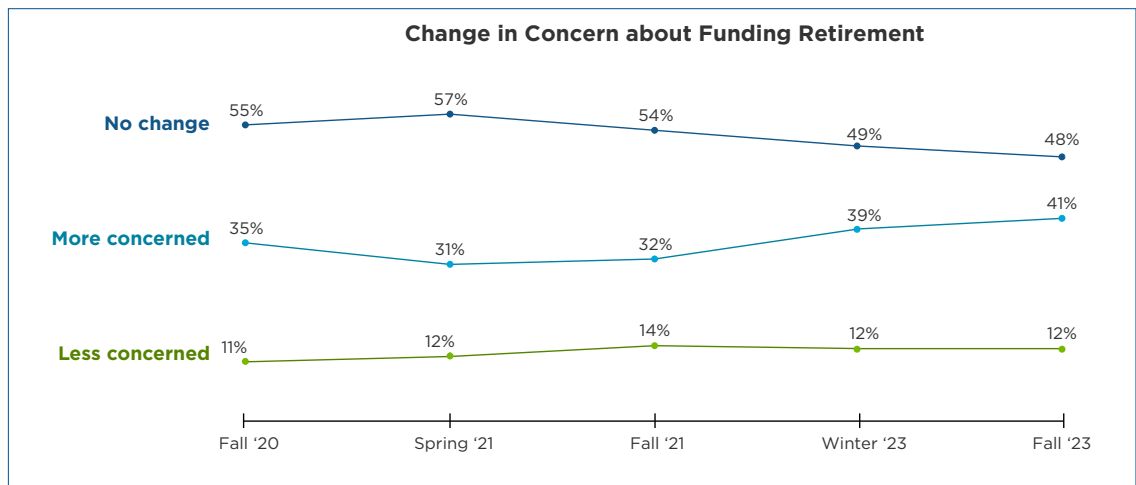


Source: [ScotiaGAM Investor Sentiment Survey Fall 2023](#)

Funding retirement

Over the past year, Canadian investors have become more concerned about being able to fund their retirement.

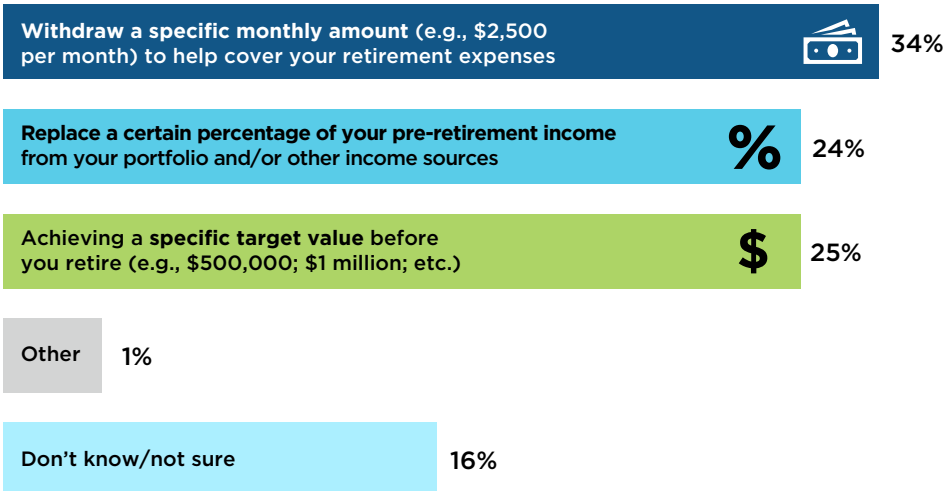
Levels of concern about funding retirement see an increase



Source: [ScotiaGAM Investor Sentiment Survey Fall 2023](#)

Financial goals for retirement are varied, with withdrawing a specific amount most common.

Top focus of retirement financial goals



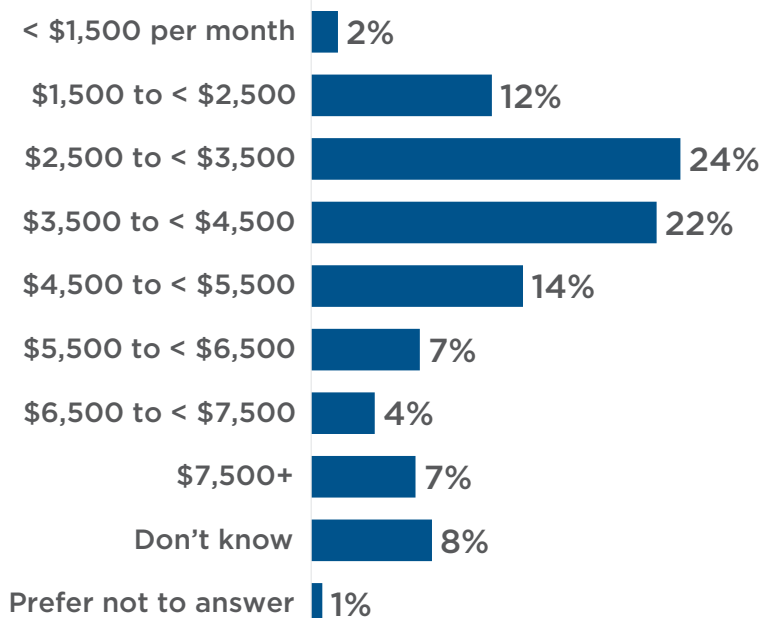
Source: [ScotiaGAM Investor Sentiment Survey Fall 2023](#)



The level of income Canadian investors aim to have may differ, but more than half expect

\$3,500+
per month in retirement income.

Anticipated monthly retirement income



34%

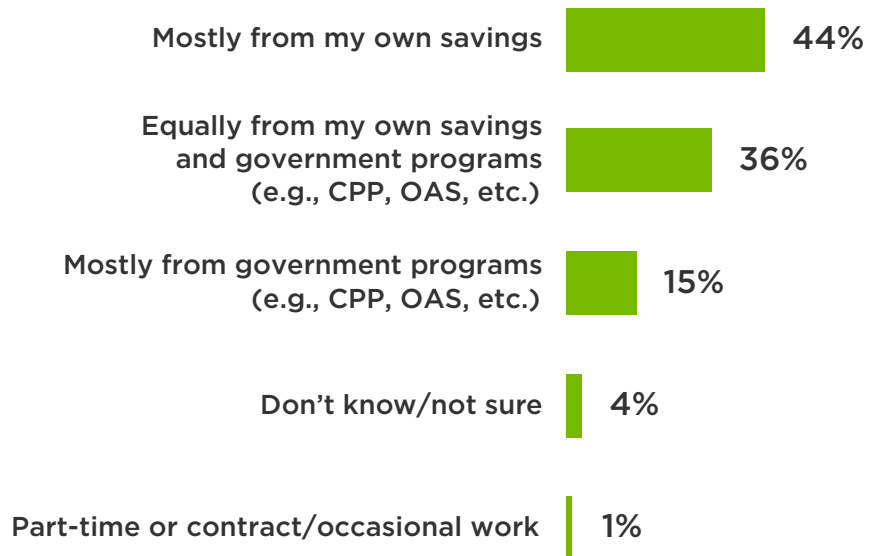
have a specific monthly withdrawal goal amount in retirement.

Source: [ScotiaGAM Investor Sentiment Survey Spring 2023](#)

36%

are planning to get their retirement income equally from savings and government programs.

Expected primary source of retirement income

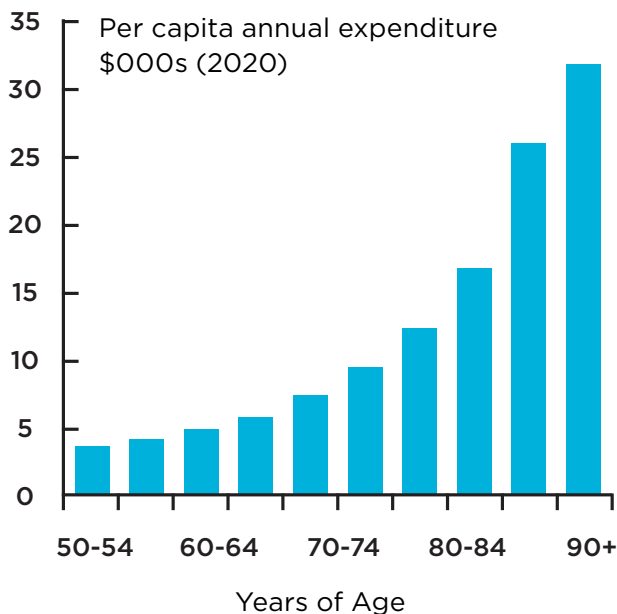


Source: [ScotiaGAM Investor Sentiment Survey Fall 2023](#)

Mounting costs

Canadians are living longer but gains in healthy years are not keeping pace. Less than one in three Canadians consider long-term care needs in their retirement plan, while only one in 10 have actually set aside funds to pay for it.

Healthcare costs mount with age



Sources: Scotiabank Economics, CIHI, June 2023

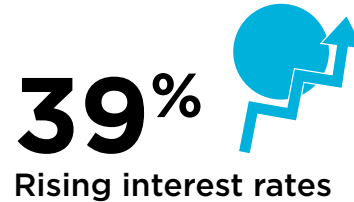
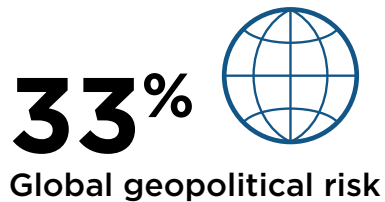
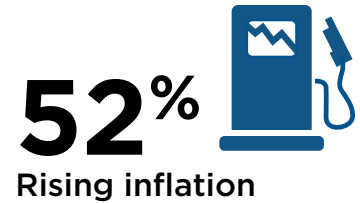
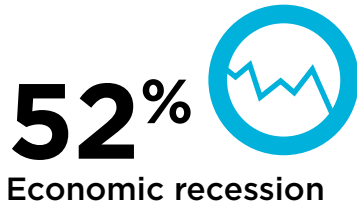
\$3,500

would be the monthly cost of in-home care, according to the Canadian Medical Association (CMA) benchmarks 22 hours per week care.

Investment sentiment

Positive sentiment towards investments has decreased for the first time since the onset of the pandemic.

Top perceived risks to investment portfolios in the next 1-2 years:



Source: [ScotiaGAM Investor Sentiment Survey Fall 2023](#)



23%

Feel positive about their investments

Feelings Toward Investments



58%

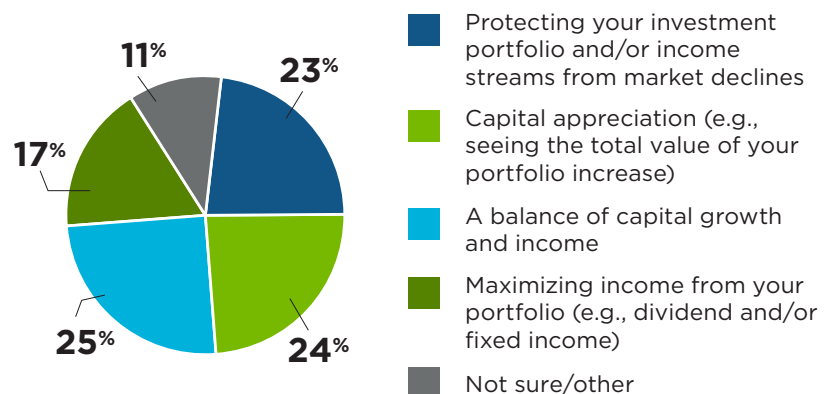
Feel negative about their investments

Source: [ScotiaGAM Investor Sentiment Survey Fall 2023](#)

25%

indicate that a balance of capital growth and income is now a priority for 2024, followed by capital appreciation.

Top portfolio priority in the coming year



Source: [ScotiaGAM Investor Sentiment Survey Fall 2023](#)

Heat map: Cash flow by asset class

In this visual, the asset classes are shown with their corresponding yields and three-year standard deviations, a measure of the asset's volatility. Assets showing green in both columns are desirable as they exhibit above-average yields and lower-than-average volatility.

The 12-month yield ranges are: low yield, 0-3.0; medium yield, 3.1-6.0; and high yield, 6.1 and above.

The 3-year standard deviation ranges are low risk, 0-6.0; medium risk, 6.1-15.0; and high risk, 15.1 and above.

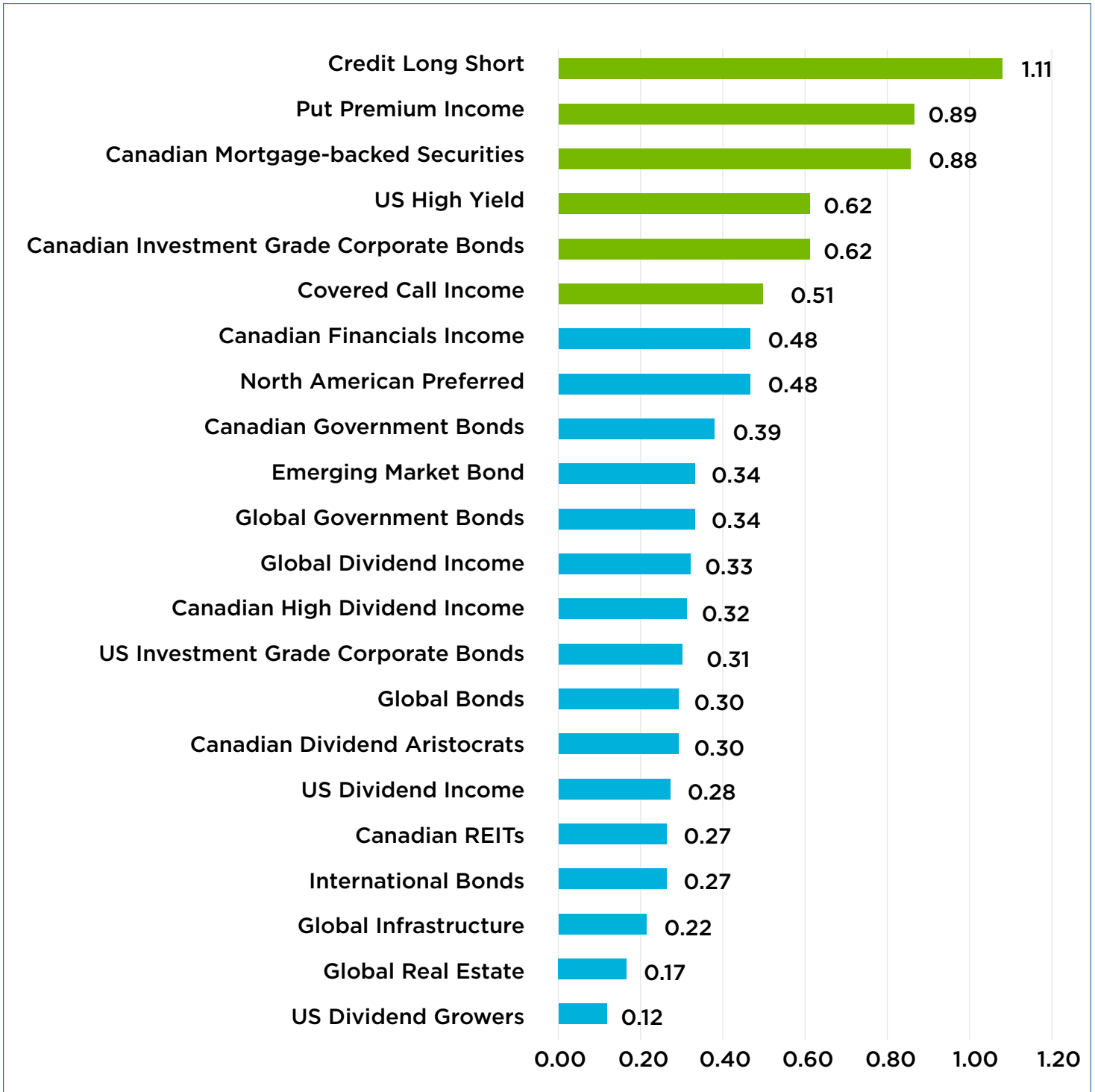
Asset Class	12-month yield	3-year standard deviation
Put Premium Income	7.59	8.53
Canadian Financials Income	7.07	14.62
High Quality Collateralized Loan Obligation*	6.41	not applicable
Credit Long Short*	5.98	5.39
Covered Call Income	5.97	11.75
US High Yield	5.69	9.19
North American Preferred	5.40	11.18
Canadian REITs	5.16	18.90
Global Dividend Income	4.95	15.11
Canadian High Dividend Income	4.80	15.03
Emerging Market Bonds	4.27	12.38
Inflation Protected Bonds*	4.03	not applicable
International Bonds	3.94	14.49
Canadian Dividend Aristocrats	3.86	12.67
Canadian Investment Grade Corporate Bonds	3.53	5.74
US Dividend Income	3.36	12.19
US Investment Grade Corporate Bonds	3.27	10.64
Global Infrastructure	2.74	12.71
Canadian Government Bonds	2.61	6.64
Global Real Estate	2.55	14.8
US Dividend Growers	1.96	16.09
Global Bonds	1.78	5.83
Global Government Bonds	1.76	5.18
Canadian Mortgage-backed Securities	1.67	1.90

Data source: Morningstar Direct, performance and yield data as of April 30, 2023 using passive ETFs. * Using 30-Day SEC Yield, due to limited data using 3-yr standard deviation, 29 June 2023. When adjusting yield for the level of risk, cash-flow-producing alternatives lead the group.

The 30-Day SEC Yield is a calculation based on a 30-day period ending on the last of the previous month. It is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period.

Cash-flow solutions

The chart below shows which asset classes have the most attractive risk/reward ratios. A larger number means there is a higher yield or more income being produced for the amount of risk being taken.

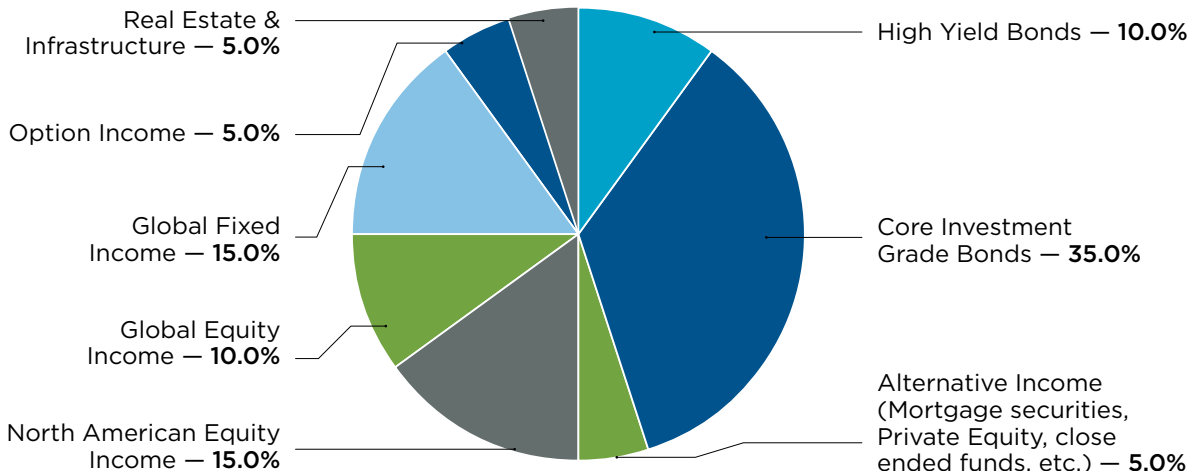


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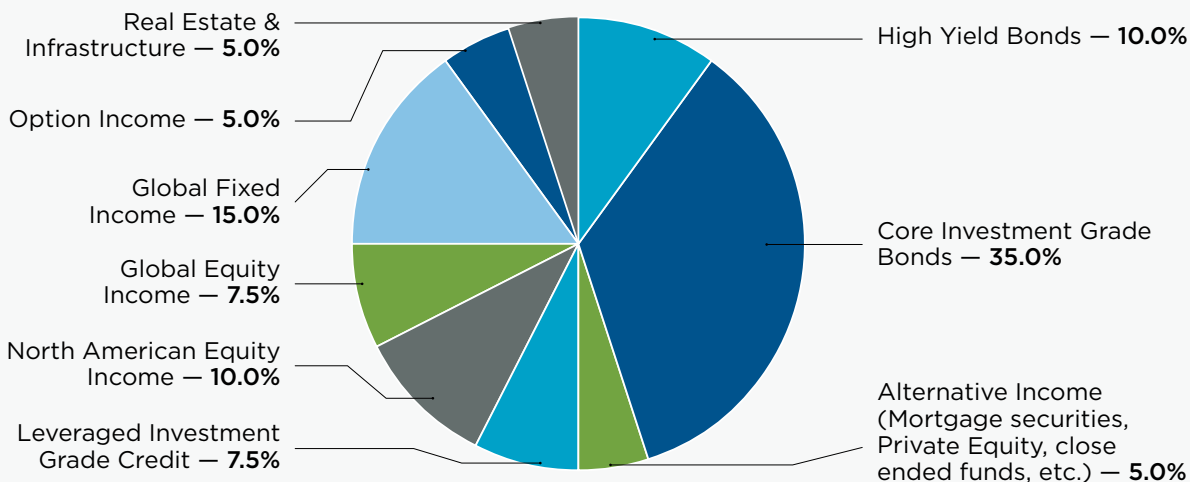
Paycheque Portfolio™ income models

The models below indicate the approximate asset mix needed to generate monthly retirement income of 4%, 5% and 6% of total assets.

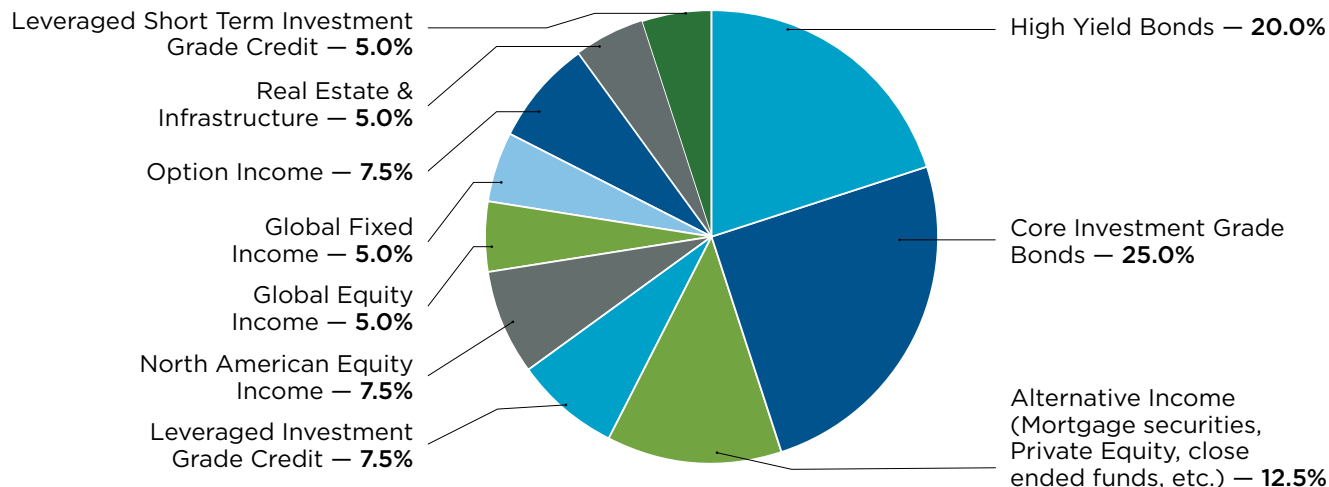
4% Paycheque Portfolio



5% Paycheque Portfolio

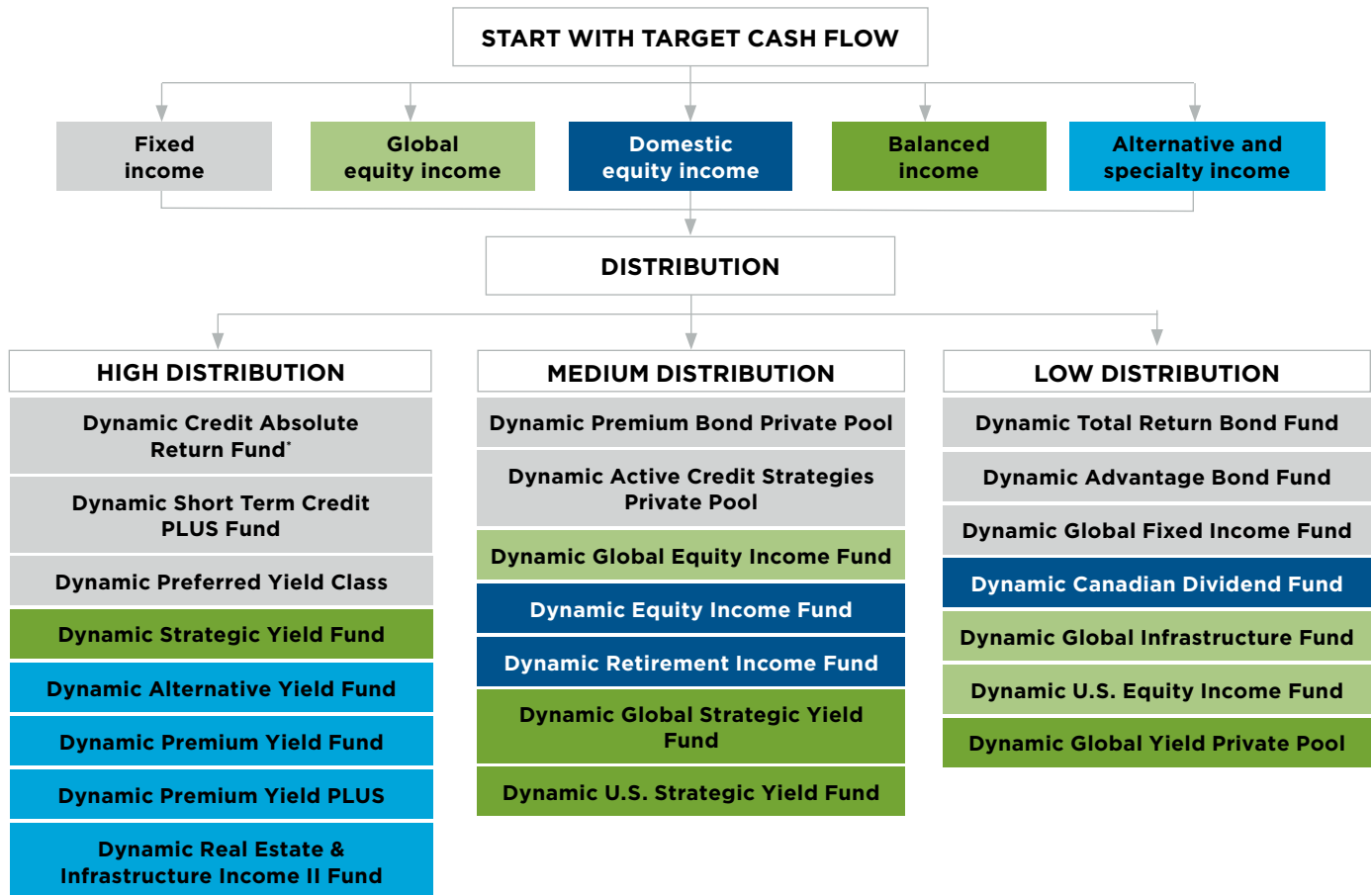


6% Paycheque Portfolio



Cash-flow solutions

The Dynamic income map can assist with the cash-flow strategy by providing options that meet investors' retirement needs.



* Formerly Dynamic Credit Absolute Return II Fund

Products listed above are hyperlinked to the Fund Profile pages.

For Trust Fund distributions may consist of net income, dividends, net realized capital gains, and/or return of capital.

For Corporate Class distributions may consist of dividends, net realized capital gains, and/or return of capital.

Distributions are not guaranteed and investors should not confuse a fund's distribution yield with its performance or rate of return.

Contact your Financial Advisor to learn more.

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