

# Tax efficient investing utilizing **CORPORATE CLASS** *Funds*

## Investing in Capital Class Funds

Investing in Corporate Class Funds can give you the tax-deferral advantages of an RRSP. You don't get a tax deduction for investing as you would with an RRSP, but you can switch between funds without triggering capital gains taxes. You can re-balance and lock in gains while diversifying among world regions and economic sectors. The most important attribute of Corporate Class Funds is the compounding power of capital appreciation; you can finally make pure investing decisions that are not driven by tax considerations.

### You can benefit by

- ✓ Accelerating compounding by deferring capital gains taxes.
- ✓ Minimizing the impact of taxes when making investment decisions.
- ✓ Controlling when and how much of your capital gains you declare.

The Corporate Class structure is like an umbrella that contains share classes that invest in many different fund classes like Canadian Equities, International Equities, Country Specific Funds or Specialty Funds like Healthcare or Technology.

As long as your investment is in one of the share classes of a Corporate Class Fund, capital gains on switches to other share classes are tax-deferred to maximize investment returns. You can move from equities to treasury bills or from one world economic region to another without worrying about the possible tax consequences. Corporate

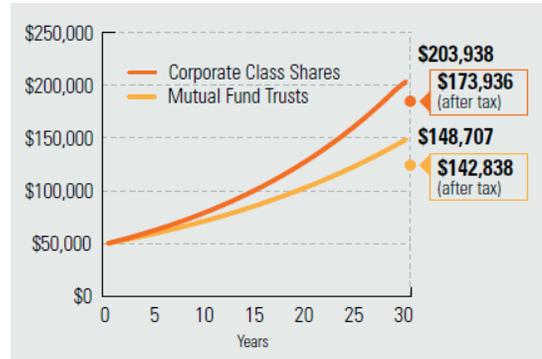


Class Funds can disburse taxable dividends, but capital gains on switches within Corporate Class Funds are tax deferred until Corporate Class Fund shares are redeemed. You control your investments and decide when to declare capital gains.

### *Tax-Deferral of Investment Gains makes all the difference!*

Long-term tax-deferred compounding is very powerful. The chart below compares in two ways the value of a \$50,000 investment compounded at 5% annual capital appreciation with annual rebalancing and subject to 22% tax on capital gains, 27% tax on dividends and 45% tax on interest income. In the mutual fund trust, tax is paid annually on interest income (1.5%), dividends (1.5%), and realized gains (1%), with some capital gains (1%) being realized at the end of the period.

With Corporate Class Funds, most tax is deferred until the money is redeemed from the structure at the end of 30 years when it is taxed as capital gains (4.25%). A portion is taxed annually as dividends (0.75%) to recognize that Corporate Class may, at times, pay annual dividends of Canadian dividends and/or capital gains.



## Getting Advice

Reviewing your portfolio? We encourage you to talk to us. Speak to your Financial Advisor or contact investor services at 1 800 608 7707.

