

Fidelity Tax-Smart Solutions®

With Fidelity Tax-Smart CashFlow® you can switch back and forth from saving to cash flow whenever you like, without any immediate tax consequences.

When you want to begin receiving cash flow from non-registered accounts, Tax-Smart CashFlow offers a customizable solution. Tax-Smart CashFlow provides steady tax-efficient monthly cash flow, combined with the potential for tax-deferred growth.

Fidelity Tax-Smart CashFlow in action

Scenario 1: Taxation of \$50,000 additional cash flow, assuming \$85,000 ordinary income (salary or pension income)*

	INTEREST/ FOREIGN	CANADIAN DIVIDEND (ELIGIBLE DIVIDEND)	CAPITAL GAINS	TAX-SMART CASHFLOW	POST-ROC CASH FLOW
Pre-tax cash flow	50,000	50,000	50,000	50,000	50,000
Taxes excl. clawback	18,254	8,986	8,389	2,822	8,404
OAS clawback	7,213	8,355	3,463	2,533	4,783
After-tax cash flow	24,533	32,660	38,148	44,645	36,813
Effective tax rate	50.9%	34.7%	23.7%	10.7%	26.4%

Scenario 2: Taxation of \$50,000 additional cash flow, assuming \$250,000 ordinary income (salary or pension income)*

	INTEREST/ FOREIGN	CANADIAN DIVIDEND (ELIGIBLE DIVIDEND)	CAPITAL GAINS	TAX-SMART CASHFLOW	POST-ROC CASH FLOW
Pre-tax cash flow	50,000	50,000	50,000	50,000	50,000
Taxes	26,248	19,073	13,122	6,439	14,312
After-tax cash flow	23,752	30,927	36,878	43,561	35,688
Effective tax rate	52.5%	38.1%	26.2%	12.9%	28.6%

For illustrative purposes only.

* For illustrative purposes, based on combined approximate federal and provincial tax rates as of January 31, 2025. Assuming \$10,000 dividends and \$10,000 capital gains for the Tax-Smart CashFlow, for a 2% total distribution on a \$1,000,000 investment. The remaining \$30,000 is ROC. For post-ROC cash flow, still assuming \$10,000 dividends but \$40,000 of capital gains, as ACB has been reduced to nil and ROC is no longer possible. Actual taxable distributions will vary from year to year. The OAS amount is clawed back before the additional cash flow in all income scenarios.

How does Fidelity Tax-Smart CashFlow work?



Monthly cash flow payout rates

Payout rates are usually calculated in January, up to 8% of the net asset value per unit of the respective Tax-Smart CashFlow series on the last business day in December of the previous year.

Stable cash flow option

If selected, a stable cash flow option is available where a set dollar amount per month is chosen.

Adjustment to payout rates

Monthly payment amounts may be changed from time to time to keep the cash flow payout rate close to the desired amount. If the stable cash flow option has been selected, the monthly amount will stay the same in most cases.

Redirected cash flow option

Investors have the ability to reinvest cash flow into other funds. This provides the ability to gradually shift asset allocation over time without triggering capital gains.

Taxability of cash flow payments

Monthly Tax-Smart CashFlow payments are generally characterized as return of capital (ROC). Any taxable cash flow payments paid out by the investment may reduce the tax efficiency of the investment.



Return of capital (ROC)

With Fidelity Tax-Smart CashFlow, monthly cash flow payments are composed mainly of ROC. ROC is not taxable income, because the non-registered investment was originally purchased with after-tax dollars. A ROC payment will reduce the amount of the investor's original investment and does not represent income or capital gains earned by the investment, and does not reflect, and is not the result of, the performance of the investment. Lastly, ROC does not contribute to the clawback of income-tested government benefits such as Old Age Security (OAS).



Market value

Investors should not confuse monthly Tax-Smart CashFlow payments with a fund's rate of return or yield. The investment continues to generate market returns after the cash flow payout is made.



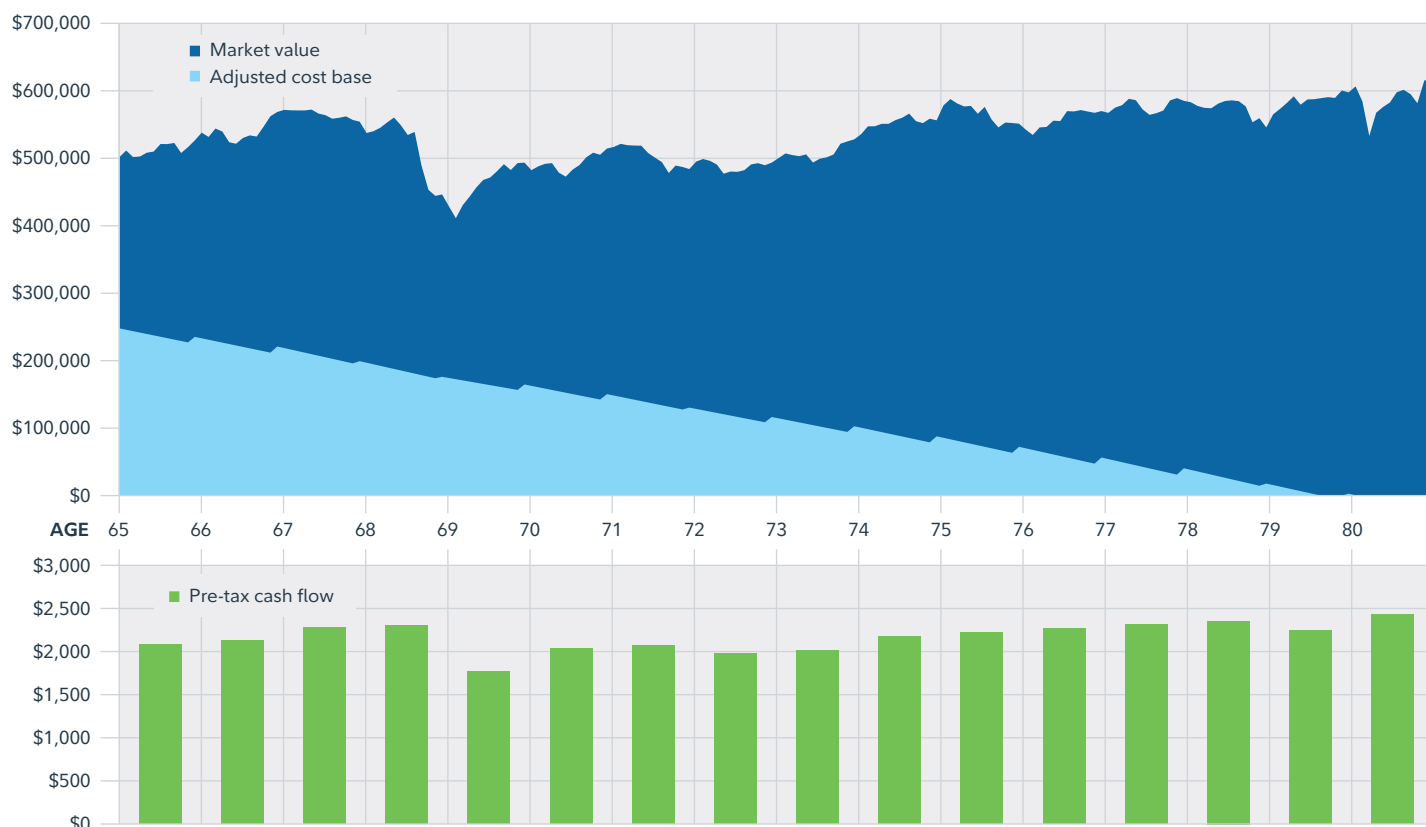
Adjusted cost base (ACB)

Payments characterized as ROC will reduce your ACB. When all the investor's original capital has been returned (i.e., the adjusted cost base ACB has reached zero), monthly payments become mainly capital gains, which are still tax-advantaged compared with other forms of income.

Optimize tax efficiency

As mentioned, Fidelity Tax-Smart CashFlow is also available with Fidelity Corporate Class, which offers additional tax benefits through the potential for reduced taxable distributions.

After growing an initial investment to \$500,000, at age 65, the investor starts a 5% Tax-Smart CashFlow:



For illustrative purposes only.

Source: Fidelity Investments Canada ULC. The above illustration is a hypothetical example only and is intended to be a future snapshot from an initial hypothetical investment of \$250,000 made on December 31, 1998, and is based on historical returns of a general investment in asset classes that consist of 36% S&P/TSX Capped Composite Index, 24% MSCI All Country World ex Canada Index, 14% Bloomberg Global Aggregate Bond Index, 21% FTSE Canada Universe Bond Index and 5% FTSE Canada 91-Day T-Bill Index. The investor starts taking out a 5% Tax-Smart CashFlow monthly cash flow payment. This example is not meant to represent the actual or expected returns of, or cash flows that can be expected from, any Fidelity Funds. Fidelity Funds are subject to fees and expenses that will reduce returns and that have not been considered in the above illustration. The returns account for reinvestment of any year-end distributions. Monthly cash payments from Tax-Smart CashFlow series funds will be mainly return of capital (ROC). However, a year-end distribution will reduce the ROC rate. This average reflects that possibility. An ROC payment reduces an investor's adjusted cost base (ACB). Capital gains taxes are deferred until units are sold or until the ACB goes below zero. Investors should not confuse this cash-flow distribution with a fund's rate of return or yield. The tax liability is calculated using the following marginal tax rates: capital gains, 25%; interest income, 50%.

With Fidelity Tax-Smart CashFlow you can

- 1 Receive tax-efficient monthly cash flow payments (up to 8% cash flow options on a broad range of Fidelity Funds in CDN\$ or US\$).
- 2 Customize the cash flow payout rate or amount, without triggering capital gains tax.
- 3 Shift asset allocation over time without triggering capital gains.
- 4 Turn cash flow payments on or off (or adjust them), according to individual needs.
- 5 Transfer wealth to a charity in a tax-smart way.

For more information, contact your financial advisor or visit fidelity.ca/TaxSmart



Commissions, trailing commissions, management fees, brokerage fees and expenses may be associated with investments in mutual funds and ETFs. Please read the mutual fund's or ETF's prospectus, which contains detailed investment information, before investing. Mutual funds and ETFs are not guaranteed. Their values change frequently, and investors may experience a gain or a loss. Past performance may not be repeated.

This information is for general knowledge only and should not be interpreted as tax advice or recommendations. Every individual's situation is unique and should be reviewed by his or her own personal legal and tax consultants.

A return of capital reduces an investor's adjusted cost base. Capital gains taxes are deferred until units are sold or until the ACB goes below zero. Investors should not confuse this cash-flow distribution with a fund's rate of return or yield. While investors in Fidelity's tax-efficient series (Fidelity Tax-Smart CashFlow) will be able to defer some personal capital gains, they must still pay tax on capital gains distributions that arise from the sale of individual holdings by fund managers, and on interest and dividend distributions. Fidelity Tax-Smart CashFlow will also pay a year-end distribution that must be reinvested in additional securities of the applicable fund. The monthly cash-flow distributions on Fidelity Tax-Smart CashFlow are not guaranteed, will be adjusted from time to time and may include income.

The statements contained herein are based on information believed to be reliable and are provided for information purposes only. Where such information is based in whole or in part on information provided by third parties, we cannot guarantee that it is accurate, complete or current at all times. It does not provide investment, tax or legal advice, and is not an offer or solicitation to buy. Graphs and charts are used for illustrative purposes only and do not reflect future values or returns on investment of any fund or portfolio. Particular investment strategies should be evaluated according to an investor's investment objectives and tolerance for risk. Fidelity Investments Canada ULC and its affiliates and related entities are not liable for any errors or omissions in the information or for any loss or damage suffered.

The monthly cash-flow distributions on Fidelity Tax-Smart CashFlow® are not guaranteed, will be adjusted from time to time and may include income. We will aim to keep cash flow between 7.5% and 9.0% of the NAV each year on Fidelity Tax-Smart CashFlow F8, T8 and S8 balanced funds, as well as 4.5% and 5.5% of the NAV on F5, T5 and S5 balanced funds. For equity funds, we will aim to keep cash flow between 6.0% and 10.0% of the NAV each year on F8, T8 and S8, and between 4.0% and 6.0% of the NAV each year on F5, T5 and S5.

Fidelity Corporate Class funds are issued by Fidelity Capital Structure Corp., and are available through authorized dealers.

Examples showing a rate of return (e.g., 8%, 6%, etc.) are used to illustrate the tax benefits of a range of general investment mandates. Returns are not the returns of any Fidelity Fund. The returns shown are not an indication or guideline as to how your investments would have performed during the periods indicated or in the future.



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